



## LOCAL OPTION SMALL GAMES OF CHANCE ACT – FREQUENTLY ASKED QUESTIONS

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### Frequently Asked Questions about Local Option Small Games of Chance:

#### **Preface:**

This list of frequently asked questions is meant to address only the most common questions asked about small games of chance. The list is in no way intended to address all the rules and regulations that govern the conduct of small games of chance, nor does it constitute legal advice. Organizations that are interested in applying for a Local Option Small Games of Chance License should become familiar with the [Pennsylvania Local Option Small Games of Chance Act \(the Act\), 1988 P.L 1262, No. 156 as amended](#) and the [Small Games of Chance Overview](#) prepared by the Pennsylvania Department of Revenue, both of which can be viewed or downloaded from this site.

Q: What law governs the conduct of small games of chance?

A: The Pennsylvania Local Option Small Games of Chance Act (the Act), 1988 P.L 1262, No. 156 as amended. The Act allows certain nonprofit organizations, known as “eligible organizations”, to conduct specific small games of chance for the purpose of raising funds for the promotion of “public interest purposes”.

Q: Does a Local Option Small Games of Chance License permit all forms of gambling?

A: No, most definitely not! The Pennsylvania Crimes Code provides that all forms of gambling are illegal unless the activity is specifically authorized by the Pennsylvania Legislature. Only those specific types of small games of chance as defined by the Act are permitted by virtue of being licensed under the Act. Currently permitted by the Act are:

- Punchboards
- Pull-Tabs
- Raffles (includes lotteries)
- Daily Drawings
- Weekly Drawings
- Raffles
- Raffle auctions
- 50/50 drawings (including major league sports drawing)
- Race Night Games
- Pools (Excluding Sports Pools)

Unless otherwise authorized by law all other forms of gambling are prohibited criminal offenses under the Pennsylvania Crimes Code. For example, none of the games

played at a typical “Monte Carlo Night” event are sanctioned by the Act. Some organizations may use play money for such events, but if at any point the play money, won while playing any game of chance, takes on value gambling in violation of the Pennsylvania Crimes Code is taking place.

Q: Are “Quarter Auctions” permitted?

A: No. As previously stated, The Pennsylvania Crimes Code provides that all forms of gambling are illegal unless the activity is specifically authorized by the Pennsylvania Legislature. While they may be called “Quarter Auctions”, that is where any similarity to a true auction ends. Quarter auctions are best classified as a form of a progressive raffle or drawing. While they are legal in some states, quarter auctions are illegal in Pennsylvania.

Q: Who can apply for and be granted a Local Option Small Games of Chance License?

A: A license cannot be granted to an individual. Only an “**eligible organization**” as defined in Pennsylvania Local Option Small Games of Chance Act (the Act), 1988 P.L. 1262, No. 156 as amended, can apply. Members of interested organizations should refer to §103 of the Act or to the Pennsylvania Department of Revenue Small Games of Chance Overview prepared by the Pennsylvania Department of Revenue, both of which can be viewed or downloaded from this site, to see if their organization is eligible for licensing.

Q: Are there different types of licenses?

A: Yes. There are two types of licenses, a “**Regular License**” which permits year-long gaming and a “**Monthly License**” which permits gaming for 30 consecutive days. Finally, a “**Special Permit**” is required for each raffle with a prize in excess of \$2,000.00. Only the holder of a regular license may apply for and be granted a special permit. The holder of a regular license is permitted to apply for and be granted no more than ten (10) special permits per license year, except a fire, ambulance, rescue or conservation organization (not a club) which may apply for and be granted no more than (12) twelve special permits per license year.

Q: What is the fee for the various licenses?

A: The fee for a **regular license** is \$125.00.  
The fee for a **monthly license** is \$25.00.  
The fee for a **special permit** is \$25.00.

Q: How long is a license valid?

A: A regular license is valid for one year from date of issue. A monthly license is valid for the month it is issued for. A special permit is valid only for the specific raffle it applies to.

Q: Can an eligible organization permit its license to be used by another organization to play small games of chance?

A: No. Only the organization in whose name the license is issued may conduct small games of chance.

- Q: Can an auxiliary to an eligible organization use the license of the eligible organization to conduct small games of chance?
- A: Yes. Auxiliary groups within eligible organizations shall be eligible to conduct small games of chance using the license issued to the eligible organization provided that the auxiliary group or groups are listed on the application for license and the license of the eligible organization. Auxiliary groups shall not include branches of lodges or chapters of a Statewide organization.
- Q: Can an auxiliary to an eligible organization apply for and obtain its own license to conduct small games of chance?
- A: No. While this was previously an issue in question; the amendments made to the Act in 2012 now specifically prohibits an auxiliary to an eligible organization from applying for and being issued its own license.
- Q: How does an organization establish that it is an eligible organization?
- A: The organization must meet the definition of an eligible organization found in §103 of the Act. The organization must be able to prove that it has been in existence for one year prior to making application for a license. Upon making application for a Local Option Small Games of Chance License, the organization's Articles of Incorporation and/or bylaws must accompany the application. If the organization is not incorporated, it must provide its bylaws and any other documentation that sets forth the organization's executive structure and purpose, most importantly providing for a President and Secretary. The documentation that must accompany the license application can be found at the bottom of page 2 of the application.
- Q: Is a criminal history check (background check) required for officers of the eligible organization?
- A: No, a background check is no longer required.
- Q: How are background checks obtained?
- A: The statute requires all background checks to be conducted by the Pennsylvania State Police. This can be done on-line by accessing the home page of the Pennsylvania State Police which offers a background check option.
- Q: Are school districts eligible for licensing under the Act?
- A: No, public school districts, nor any political subdivision are not eligible for licensing. Parochial schools are eligible for licensing if they otherwise met the requirements for an eligible organization.
- Q: Are political parties eligible for licensing under the Act.
- A: No. An organization, whose purpose is non-partisan such as devoted to non-partisan voter registration efforts, would be eligible if they otherwise met the requirements for an eligible organization.
- Q: What does the eligible organization do once it has completed its application for a license and prepared the necessary accompanying documentation?

- A: The application and required documentation must be brought to the **Lancaster County Treasurer's Office**, located in Suite 122 of the Lancaster County Government Center, 150 North Queen Street, Lancaster, PA 17603, for review. If the application and documentation comply with the requirements of the Act, the license will be issued immediately upon payment of the applicable fee.
- Q: Is it possible the Lancaster County Treasurer's Office might decline to issue a license?
- A: Yes, if the applicant does not meet the definition of an "eligible organization" under the Act, or the application is incomplete, the required documentation is deficient, or there is another question about compliance, the Lancaster County Treasurer's Office will decline to issue the license.
- Q: Can anyone from the organization bring the application and documentation to the Lancaster County Treasurer's Office?
- A: Yes as long as they are a "bona fide member" of the organization as defined by the Act and the application has been completed in its entirety, is signed by the President or Secretary of the eligible organization and the application is notarized.
- Q: Will documentation that must accompany a license application be returned?
- A: No, it will be filed by the Treasurer with the application and becomes public information.
- Q: Must the association provide the documentation listed on Page 2 of the application each time application is made for a license.
- A: Under the current procedure followed by the Lancaster County Treasurer's Office, unless specifically asked for, the documentation listed on Page 2 does not have to be provided again where no changes to the documentation have been made and no lapse in licensing has occurred.
- Q: Once issued can a Local Option Small Games of Chance License be revoked?
- A: Yes. The Lancaster County Treasurer can revoke a license upon recommendation of the District Attorney if it is found that grounds for revocation listed in §701 of the Act exist.
- Q: Who investigates violations of the Local Options Small Games of Chance Act?
- A: The District Attorney is charged with investigating violations of the Act, however, any state, county or local law enforcement official is empowered to investigate violations of the Act.
- Q: Do some municipalities prohibit small games of chance?
- A: Yes. Small games of chance may only be played and eligible organizations licensed in those municipalities that have approved the licensing and conduct of small games of chance by voter referendum. A [list of those municipalities](#) that have and have not passed the referendum question can be viewed or downloaded from this site.
- Q: Where must small games of chance be played?

- A: A licensed eligible organization normally conducts their games of chance at a premise which is the operating site of the eligible organization, but a licensed eligible organization may select another premise or other location not prohibited by local ordinance, which they have identified on their application as the licensed premise.
- Q: May more than one licensed eligible organization conduct games of chance at the same premise?
- A: Provided none of the licensed eligible organization is a club licensee, up to three licensees, including the licensee that owns or leases the premises, may conduct small games of chance simultaneously at a premises or location. A licensee must ensure that the conduct of small games of chance by different organizations are separate and clearly identified within a premises or location.

Note: If one of the licensees is a club licensee, other licensed eligible organizations may only conduct small games of chance simultaneously with the club licensee **on not more than three occasions covering a total of seven days during the year**. As such it would not be advantageous for a the licensed eligible organization to use the same premise as a club licensee as their licensed premise because their ability to conduct small games of chance would be limited to those times when the club licensee is not gaming (other than the bolded exception).

- Q: Are there age restrictions on who can play small games of chance?
- A: Yes. No one under 18 years of age may play small games of chance.
- Q: Can an eligible organization sell raffle tickets in another county?
- A: Yes. An eligible organization may sell tickets in a county other than the county in which they are licensed, but must give written notice to the District Attorney and Treasurer of each county in which they intend to sell tickets of their intent to do so. The notice must clearly set forth the location(s) and date(s) sales will take place. It is also suggested that the notice contain the eligible organization's license number. Remember, the Act applies to all counties, so sales of raffle tickets can only take place in municipalities that have approved the small games of chance question by voter referendum.
- Q: Can anyone conduct small games of chance for an eligible organization?
- A: No! Only a "Bona fide member" of the eligible organization who is at least 18 years of age as defined by the Act may conduct small games of chance on behalf of the eligible organization.
- Q: Can members of an eligible organization be paid or otherwise compensated for conducting small games of chance on behalf of an eligible organization.
- A: No! The Act specifically prohibits anyone from being paid or compensated in any manner for conducting small games of chance.
- Q: Where does an eligible organization obtain small games of chance?
- A: Other than raffle tickets, an eligible organization must purchase small games of chance from a licensed distributor. A list of [licensed distributors](#) is available from this site or the Lancaster County Treasurer.

Q: Are there restrictions on advertising small games of chance?

A: Yes. §704 of the Act states: "It shall be unlawful for any eligible organization or person to advertise the prizes or their dollar value to be awarded in games of chance, provided that prizes may be identified on raffle tickets. Notwithstanding the prohibition of advertising contained within this section, an eligible organization may advertise prizes and values thereof in periodic publications which are limited in their circulation to members of the eligible organization".

Q: Must an eligible organization maintain records concerning its conduct of small games of chance.

A: Yes. A licensed eligible organization is required to keep records related to games of chance activity sufficient to demonstrate the organization's compliance with the law upon inspection or audit. A licensed eligible organization must retain its records for at least two years. A club licensee must maintain its records for at least five years.

Records must include the following:

1. All sales invoices.
2. Gross receipts from the conduct of each game of chance.
3. The cost of each game of chance and other expenses related to the conduct of each game of chance.
4. The total of prizes paid out for each game of chance and each prize's cost or fair market value.
5. The proceeds from the conduct of each game of chance.
6. Totals for items enumerated in items 2 through 5 above for each operating day, operating week, calendar month, calendar year and licensed term.
7. Details as to how proceeds from games of chance were used or disbursed by the eligible organization.
8. A record of any prize for which the licensed eligible organization is required to make a W-2G report to the IRS.
9. A list of winners' names and addresses for prizes in excess of \$600.
10. For merchandise prizes, the licensed eligible organization is required to obtain a sales invoice showing the purchase price of the prize, or if the prize was donated to the licensed eligible organization, a written statement from the donor indicating the fair market value of the prize.

A licensed eligible organization must also maintain records relating to the printing or purchase of materials to be used for raffles and daily and weekly drawings. Records should include an invoice or receipt from the place of purchase that shows the cost and number or amount of the materials purchased.

Q: Are there any resources available to assist a licensed eligible organization organize and maintain its records?

A: Yes. The Pennsylvania State Police Bureau of Liquor Control Enforcement makes available various recordkeeping tools on its website to facilitate proper record-keeping.

Q: Must a licensed eligible organization maintain a separate bank account specifically for small games of chance?

A: It depends on total proceeds. An eligible organization with proceeds of games of chance that exceed \$40,000.00 per year must maintain a bank account, which is separate from all other funds belonging to the licensed eligible organization. Account records must show all expenditures and income and must be retained by the licensed eligible organization for at least two years.

Q: Are there limitations on what an eligible organization may use the proceeds of small games of chance for?

A: Yes. The Act permits the proceeds to be used for only **“Public interest purposes”** as defined in §103 of the Act.

Q: Are there limits on prizes?

A: Yes there are very specific prize limits. Prize limits can be found in §302 of the Act. Members of eligible organizations should review the Act and the [Small Games of Chance Overview](#) prepared by the Pennsylvania Department of Revenue for an explanation of prize limits. The Local Option Small Games of Chance Act and the Overview can be viewed or downloaded from this site.

Q: May animals be awarded as prizes?

A: No. Under 18 Pa. C.S.A. §5511.1 no animal, except goldfish, may be given away as a prize in any game of chance. This prohibition does not apply to domestic animals given away or sold in connection with any agricultural, educational, or vocational program sponsored or sanctioned by the Pennsylvania Department of Agriculture.

Q: Are there specific guidelines for what information must be contained on a raffle ticket?

A: Yes. The Pennsylvania Department of Revenue is charged with promulgating rules and regulations for the operation of small games of chance. They have not yet provided amended rules and regulations reflecting the changes made to the law. The current regulations are applicable.

The following section of the Pennsylvania Administrative Code, Title 61 (Revenue) addresses this question:

§ 901.745. Printing requirements.

The following information shall be printed upon each raffle ticket sold:

- (1) The date and time of the drawing.
- (2) The location of the drawing.
- (3) The name of the club conducting the raffle.
- (4) The small games of chance license number of the club.
- (5) The special permit number, if applicable.
- (6) The price of the ticket.
- (7) The prize or prizes to be awarded.

Q: Must raffle tickets be accounted for in a certain manner?

A: Yes. The Pennsylvania Department of Revenue is charged with promulgating rules and regulations for the operation of small games of chance. They have not yet provided amended rules and regulations reflecting the changes made to the law. The current regulations are applicable.

The following section of the Pennsylvania Administrative Code, Title 61 (Revenue) addresses this question:

§ 901.743. Raffle tickets.

(b) Tickets for use in a raffle shall have a stub or other detachable section, be consecutively numbered and be accounted for separately through the use of a log book showing to whom the tickets were given to be sold. The ticket stub or other detachable section of the ticket shall bear a duplicate number corresponding to the numbers on the ticket and shall contain the purchaser's name, complete address and telephone number. Both parts shall be imprinted with sequential numbers commencing with the number "1" through the maximum number of tickets to be sold.

(e) A ticket seller shall return the stubs or other detachable section of tickets sold to the club. The club shall then place each stub or other detachable section of ticket sold into a receptacle out of which the winning tickets are to be drawn. The receptacle shall be designed so that each ticket placed therein has an equal opportunity with every other ticket to be the one withdrawn.

(g) The purchaser's name, address and telephone number shall appear on the stubs or other detachable section.

Q: How many raffles can my organization hold?

A: The number of raffles held would be dictated by monthly prize limits as set forth in §302 of the Act.

Q: Can the price of a raffle ticket include more than the price of the ticket?

A: No. For instance, the price charged cannot include a raffle ticket and food product. The Pennsylvania Department of Revenue is charged with promulgating rules and regulations for the operation of small games of chance. They have not yet provided amended rules and regulations reflecting the changes made to the law. The current regulations are applicable.

The following section of the Pennsylvania Administrative Code, Title 61 (Revenue) addresses this question:

§ 901.743. Raffle tickets.

(a) Tickets for entry into a raffle shall be sold or issued separately and each ticket shall constitute a separate and equal chance to win with other tickets sold or issued. A person may not be required to obtain more than one ticket, or to pay for anything other than the ticket, to enter a raffle.

Q: Can the advertised date for a raffle drawing be postponed?

A: Yes, but only for two reasons. The Pennsylvania Department of Revenue is charged with promulgating rules and regulations for the operation of small games of chance. They have not yet provided amended rules and regulations reflecting the changes made to the law. The current regulations are applicable.

The following section of the Pennsylvania Administrative Code, Title 61 (Revenue) addresses this question:

§ 901.746. Prize awarding.

(a) Raffle prizes shall be awarded on the date indicated on the raffle ticket unless a different date is approved by the club and purchasers of tickets are notified in writing. The date of the drawing may be extended only if one of the following occurs:

(1) Weather or a state of emergency declared by the Governor has caused a postponement of the event at which the drawing was to occur.

(2) Not enough tickets are sold to cover the cost of the prizes and an extension will make a material difference.

(b) The fact that a desired level of profit will not be obtained is not a basis for an extension of the date of the drawing.

- Q: What procedure must a licensed organization follow if a raffle prize goes unclaimed?  
A: The Pennsylvania Department of Revenue is charged with promulgating rules and regulations for the operation of small games of chance. They have not yet provided amended rules and regulations reflecting the changes made to the law. The current regulations are applicable.

The following section of the Pennsylvania Administrative Code, Title 61 (Revenue) addresses this question:

[§ 901.746. Prize awarding.](#)

(c) If a raffle prize remains unclaimed by the winner for 90 days following the date of the raffle drawing and the club has made a good faith effort to contact the winner via telephone and registered mail, for redemption of the prize, the club may retain the prize or award it in another small game of chance. A record of the attempted contact shall be maintained for a minimum of 2 years.

This series of frequently asked questions is not meant to, nor could it ever address every conceivable question concerning raffles. Responsibility for insuring that raffles are conducted consistent with the provisions of the Pennsylvania Local Option Small Games of Chance Act (the Act), 1988 P.L 1262, No. 156 as amended rests with the licensed organization.

- Q: Are raffles and drawings the same?  
A: No. A drawing is defined by the Act as a game in which a bona fide member of an eligible organization selects or is assigned a number for a chance at a prize with the winner determined by a random drawing to take place at the licensed organization's premises during the same operating day. Daily drawing winners may be determined with the aid of a passive selection device or reference to the State Lottery drawings. Daily drawing chances may not be sold for an amount in excess of \$1, and no more than one chance per individual may be sold per drawing. Nothing in this definition shall restrict an eligible organization from conducting more than one drawing per day.
- Q: May drawing tickets be sold to the public?  
A: Yes. This includes 50/50 drawings. See the preceding question.
- Q: May strip tickets and punch board chances be sold to the public?  
A: Yes, but only on the licensed premise.