
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 618 Session of
1971

Report of the Committee of Conference

To the Members of the Senate and House of Representatives:

We, the undersigned, Committee of Conference on the part of the Senate and House of Representatives for the purpose of considering Senate Bill No. 618, entitled:
"An act providing for a State Lottery and administration thereof; authorizing the creation of a State Lottery Commission; prescribing its powers and duties; disposition of funds; violations and penalties therefor; exemption of prizes from State and local taxation and making an appropriation."

respectfully submit the following bill as our report:

FRANK MAZZEI

HENRY J. CIANFRANI

(Committee on the part of the Senate.)

JAMES F. PRENDERGAST

HARRY A. ENGLEHART, JR.

ROBERT J. BUTERA

(Committee on the part of the House of Representatives.)

This page intentionally left blank

AN ACT

1 Providing for a State Lottery and administration thereof;
2 authorizing the creation of a State Lottery Commission;
3 prescribing its powers and duties; disposition of funds;
4 violations and penalties therefor; exemption of prizes from
5 State and local taxation and making an appropriation.

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

8 Section 1. Short Title.--This act shall be known and may be
9 cited as the "State Lottery Law."

10 Section 2. Statement of Purpose.--This act is enacted to
11 establish a lottery to be operated by the State, the net
12 proceeds of which are to be used after June 30, 1972 exclusively
13 for the purpose of providing property tax relief for the elderly
14 for taxes paid in 1971 and thereafter. It is further intended to
15 provide a means through which to curb illegal gambling
16 operations in Pennsylvania.

17 Section 3. Definitions.--As used in this act:

18 (1) "Commission" shall mean the State Lottery Commission
19 established by this act.

20 (2) "Division" shall mean the Division of the State Lottery
21 created by this act.

22 (3) "Lottery" or "State lottery" shall mean the lottery
23 established and operated pursuant to this act.

24 (4) "Director" shall mean the Director of the Division of
25 the State Lottery.

26 (5) "Secretary" shall mean the Secretary of Revenue.

27 Section 4. State Lottery Commission; Chairman.--There is
28 hereby created within the Department of Revenue a Division of
29 the State Lottery which shall include a State Lottery
30 Commission.

31 The commission shall consist of a chairman and four members,

1 all of whom shall be citizens and residents of the State. No
2 more than three of the five members shall belong to the same
3 political party. The chairman shall be appointed by the
4 Governor, by and with the advice and consent of two-thirds of
5 all the members of the Senate, and shall hold office at the
6 pleasure of the Governor. The members of the commission shall be
7 appointed by the Governor, by and with the advice and consent of
8 two-thirds of all the members of the Senate. The members of the
9 commission shall hold office for four years. No member, upon the
10 expiration of his term, shall continue to hold office until his
11 successor is appointed and qualified. Of the members first
12 taking office, two shall be appointed for a term of one year and
13 two for a term of two years. The members of the commission shall
14 receive actual and necessary expenses incurred by them in the
15 performance of their duties, together with a per diem allowance
16 to be paid by the Governor's Office for each day spent in the
17 performance of their duties. Vacancies in the commission
18 occurring otherwise than by expiration of term shall be filled
19 for the unexpired term in the same manner as original
20 appointments. Any member of the commission, other than the
21 chairman, may, after notice and opportunity to be heard, be
22 removed by the Governor for neglect of duty, misfeasance,
23 malfeasance or nonfeasance in office.

24 Three of the members of the commission shall constitute a
25 quorum to do business.

26 The director shall act as secretary and executive officer of
27 the commission.

28 Section 5. Powers and Duties of Commission.--The commission
29 shall advise and make recommendations to the Secretary of
30 Revenue regarding the functions and operations of the State

1 lottery.

2 Section 6. Powers and Duties of the Secretary of Revenue.--

3 (a) In addition to the powers and duties provided by law and
4 "The Administrative Code of 1929," the Secretary of Revenue
5 shall have the power and it shall be his duty to operate and
6 administer the lottery, and to promulgate rules and regulations
7 governing the establishment and operation thereof, including but
8 not limited to:

9 (1) The type of lottery to be conducted.

10 (2) The price, or prices, of tickets or shares in the
11 lottery.

12 (3) The numbers and sizes of the prizes on the winning
13 tickets or shares.

14 (4) The manner of selecting the winning tickets or shares.

15 (5) The manner of payment of prizes to the holders of
16 winning tickets or shares.

17 (6) The frequency of the drawings or selections of winning
18 tickets or shares, without limitation.

19 (7) Without limit as to number, the type or types of
20 locations at which tickets or shares may be sold.

21 (8) The method to be used in selling tickets or shares.

22 (9) The licensing of agents to sell tickets or shares
23 provided that no person under the age of twenty-one shall be
24 licensed as an agent.

25 (10) The manner and amount of compensation, if any, to be
26 paid licensed sales agents necessary to provide for the adequate
27 availability of tickets or shares to prospective buyers and for
28 the convenience of the public.

29 (11) The apportionment of the total revenues accruing from
30 the sale of lottery tickets or shares and from all other sources

1 among (i) the payment of prizes to the holders of winning
2 tickets or shares; (ii) the payment of costs incurred in the
3 operation and administration of the lottery, including the
4 expenses of the division and the costs resulting from any
5 contract or contracts entered into for promotional, advertising
6 or operational services or for the purchase or lease of lottery
7 equipment and materials; (iii) for the repayment of the moneys
8 appropriated to the State Lottery Fund pursuant to section 16 of
9 this act; and (iv) for property tax relief for the elderly as
10 provided in section 12 of this act: Provided, however, That no
11 less than thirty per cent of the total revenues accruing from
12 the sale of lottery tickets or shares shall be dedicated to
13 subclause (iv) above.

14 (12) Such other matters necessary or desirable for the
15 efficient and economical operation and administration of the
16 lottery and for the convenience of the purchasers of tickets or
17 shares and the holders of winning tickets or shares.

18 (b) To report monthly to the Governor and the Legislature
19 the total lottery revenues, prize disbursements and other
20 expenses for the preceding month, and to make an annual report,
21 which shall include a full and complete statement of lottery
22 revenues, prize disbursements and other expenses, to the
23 Governor and the Legislature, and including such recommendations
24 for changes in this act as the secretary deems necessary or
25 desirable.

26 Section 7. Lottery Sales Agents; Qualifications;
27 Prohibitions.--(a) No license as an agent to sell lottery
28 tickets or shares shall be issued to any person to engage in
29 business exclusively as a lottery sales agent. Before issuing
30 such license the secretary shall consider such factors as:

1 (1) The financial responsibility and security of the person
2 and his business or activity;

3 (2) The accessibility of his place of business or activity
4 to the public; (3) The sufficiency of existing licenses to
5 serve the public convenience; and

6 (4) The volume of expected sales.

7 For the purposes of this section, the term "person" shall be
8 construed to mean and include an individual, association,
9 corporation, club, trust, estate, society, company, joint-stock
10 company, receiver, trustee, assignee, referee, or any other
11 person acting in a fiduciary or representative capacity, whether
12 appointed by a court or otherwise, and any combination of
13 individuals. "Person" shall also be construed to mean and
14 include all departments, commissions, agencies and
15 instrumentalities of the State, including counties and
16 municipalities and agencies and instrumentalities thereof.

17 (b) If the secretary shall find that the experience,
18 character and general fitness of the applicant are such that the
19 participation of such person as a lottery sales agent will be
20 consistent with the public interest, convenience and necessity,
21 it may thereupon grant a license.

22 Without limiting the generality of the foregoing, the
23 secretary may refuse to issue a license pursuant to this
24 section, or may suspend or revoke a license so issued if it
25 shall find that the applicant or licensee:

26 (1) Has been convicted of a crime involving moral turpitude.

27 (2) Has engaged in bookmaking or other form of illegal
28 gambling.

29 (3) Has been found guilty of any fraud or misrepresentation
30 in any connection.

(4) Has violated any rule, regulation or order of the secretary.

(c) The secretary may refuse to grant a license or may suspend or revoke a license issued pursuant to this section to a corporation, if it shall determine that:

(1) Any officer, director, member or stockholder of such corporation applying for a license or of any corporation which owns stock in or shares in the profits, or participates in the management of the affairs of such applicant: (i) has been convicted of a crime involving moral turpitude, (ii) has engaged in bookmaking or other forms of illegal gambling, (iii) has been found guilty of any fraud or misrepresentation in any connection, or (iv) has violated any rule, regulation or order of the secretary.

(2) The experience, character, or general fitness of any officer, director, or stockholder of any of the aforesaid corporations is such that the participation of such person as a lottery sales agent would be inconsistent with the public interest, convenience or necessity, but if the secretary determines that the interest of any stockholder referred to in this clause or in clause (1) of this subsection is sufficient, in the opinion of the secretary, to affect adversely the conduct of a lottery sales agency by such corporation in accordance with the provisions of this act, the secretary may disregard such interest in determining whether or not to grant a license to such corporation.

(3) The applicant is not the owner or the lessee of the business at which it will conduct a lottery sales agency pursuant to the license applied for, or that any person, firm, association, or corporation other than the applicant shares, or

1 will share, in the profits of the applicant, other than by
2 dividends as a stockholder, or participates, or will
3 participate, in the management of the affairs of the applicant.

4 (d) Pending final determination of any question under this
5 section, the secretary may issue a temporary license upon such
6 terms and conditions as it may deem necessary, desirable or
7 proper to effectuate the provisions of this act.

8 Section 8. Assignability of Prizes Drawn.--No right of any
9 person to a prize drawn shall be assignable, except that payment
10 of any prize drawn may be paid to the estate of a deceased prize
11 winner, and, except that any person pursuant to an appropriate
12 judicial order may be paid the prize to which the winner is
13 entitled. The secretary shall be discharged of all further
14 liability upon payment of a prize pursuant to this section.

15 Section 9. Sales of Tickets in Excess of Regulated Price;
16 Sales by Non-licensed Persons; Penalties.--(a) No person shall
17 sell a ticket or share at a price greater than that fixed by
18 rule or regulation of the commission.

19 (b) No person other than a licensed lottery sales agent
20 shall sell lottery tickets or shares, except that nothing in
21 this section shall be construed to prevent any person from
22 giving lottery tickets or shares to another as a gift.

23 Any person convicted of violating this section shall be
24 guilty of a misdemeanor and upon conviction thereof, shall be
25 sentenced to pay a fine not exceeding five hundred dollars
26 (\$500).

27 Section 10. Sales to Certain Persons Prohibited; Penalty.--
28 No ticket or share shall be sold to any person under the age of
29 twenty-one years. The identification card issued by the Liquor
30 Control Board shall constitute proof of age. For the purpose of

1 making a gift, a person twenty-one years of age or older may
2 purchase a ticket or share for the benefit of a person less than
3 that age.

4 Any agent or employe of any agent who knowingly sells a
5 lottery ticket or share to any person under the age of twenty-
6 one years shall be guilty of a misdemeanor, and upon conviction
7 thereof, shall be sentenced to pay a fine not exceeding five
8 hundred dollars (\$500).

9 No ticket or share shall be sold to and no prize shall be
10 awarded to any officer or employe of the Department of Revenue
11 or any spouse, child, brother, sister or parent residing as a
12 member of the same household in the principal place of abode of
13 any of the foregoing persons.

14 Section 11. Other Laws Inapplicable.--No other law providing
15 any penalty or disability for the sale of lottery tickets or
16 shares or any acts done in connection with a lottery shall apply
17 to the sale of tickets or shares or acts performed pursuant to
18 this act.

19 Section 12. Disposition of Funds from Sale of Tickets or
20 Shares.--(a) All moneys received from the operation of the State
21 lottery shall be deposited in a State Lottery Fund which is
22 hereby created. Such moneys shall be used to the extent
23 necessary for the payment of lottery prizes but the amount so
24 used shall not be less than forty per cent of the amount of
25 which tickets or shares have been sold. All payments of lottery
26 prizes and for expenses of operation of the lottery shall be
27 made as provided by law. All moneys remaining after payment of
28 prizes and operating expenses shall be transferred to the
29 General Fund through June 30, 1972, after which date they shall
30 remain in the State Lottery Fund and shall be allocated for the

1 exclusive purpose of providing property tax relief for the
2 elderly for taxes paid in 1971 and thereafter pursuant to the
3 provisions of the act of March 11, 1971 (Act No. 3), known as
4 the "Senior Citizens Property Tax Assistance Act." In the event
5 sufficient funds are not available from the lottery receipts to
6 meet the requirements of the act of March 11, 1971 (Act No. 3),
7 known as the "Senior Citizens Property Tax Assistance Act,"
8 additional funds to fulfill this obligation shall be
9 appropriated from the General Fund for this purpose.

10 (b) The moneys in said State Lottery Fund shall be
11 appropriated only:

12 (1) For the payment of prizes to the holders of winning
13 lottery tickets or shares;

14 (2) For the expenses of the division in its operation of the
15 lottery;

16 (3) For property tax relief for the elderly as provided
17 under section 12 of this act; and

18 (4) For transfer to the General Fund through June 30, 1972,
19 and for the repayment to the General Fund of the amount
20 appropriated to the fund pursuant to section 16 of this act.

21 Section 13. Exemption of Lottery Prizes from State and Local
22 Taxation.--No State or local taxes of any kind whatsoever shall
23 be imposed upon the proceeds from a prize awarded by the State
24 lottery.

25 Section 14. Unclaimed Prize Money.--Unclaimed prize money on
26 a winning lottery ticket or share shall be retained by the
27 secretary for payment to the person entitled thereto for one
28 year after the drawing in which the prize was won. If no claim
29 is made within such period, the prize money shall be paid into
30 the State Lottery Fund and used for purposes as otherwise herein

1 provided.

2 Section 15. Bank Deposits and Control of Lottery
3 Transactions.--The secretary may, in his discretion, require any
4 or all lottery sales agents to deposit to the credit of the
5 State Lottery Fund in banks, designated by the State Treasurer,
6 all moneys received by such agents from the sale of lottery
7 tickets or shares, less the amount, if any, retained as
8 compensation for the sale of the tickets or shares, and to file
9 with the secretary or his designated agents reports of their
10 receipts and transactions in the sale of lottery tickets in such
11 form and containing such information as he may require. The
12 secretary may make such arrangements for any person, including a
13 bank, to perform such functions, activities or services in
14 connection with the operation of the lottery as he may deem
15 advisable pursuant to this act and the rules and regulations of
16 the department, and such functions, activities or services shall
17 constitute lawful functions, activities and services of such
18 person.

19 Section 16. Appropriation.--There is hereby appropriated the
20 sum of one million dollars (\$1,000,000), or so much thereof as
21 is necessary for the establishment of the State lottery and the
22 Division of the State Lottery in the Department of Revenue. The
23 Department of Revenue shall reimburse the General Fund from
24 receipts from sale of lottery tickets or shares the actual
25 amount of money expended from said appropriation within one year
26 of the date of the first lottery drawing.

27 Section 17. Effective Date.--This act shall take effect
28 immediately.