

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 35

Session of  
1983

INTRODUCED BY TIGUE, RICHARDSON, BLAUM, CAWLEY, F. E. TAYLOR,  
BELFANTI, BURNS, SALOOM, SERAFINI, OLASZ, CAPPABIANCA,  
PETRARCA, DOMBROWSKI, STEVENS, COSLETT, CLARK, JAROLIN, FEE,  
McMONAGLE, McCALL, DUFFY, TRELLO, GALLEN, KASUNIC, LETTERMAN,  
LESCOVITZ, HASAY, DALEY, KUKOVICH, BUNT, TELEK AND COHEN,  
JANUARY 25, 1983

SENATOR O'CONNELL, STATE GOVERNMENT, IN SENATE, RE-REPORTED  
AS AMENDED, NOVEMBER 19, 1984

AN ACT

1 ~~Providing for the manufacture, assembly and sale of certain~~ <—  
2 ~~mechanical, electronic and coin operated gaming machines in~~  
3 ~~the Commonwealth of Pennsylvania.~~  
4 ~~PROVIDING FOR A STATEWIDE REFERENDUM ON THE LEGALIZATION OF~~ <—  
5 ~~GAMBLING.~~  
6 PROVIDING FOR LICENSING AND PLACEMENT OF VIDEO GAMING MACHINES <—  
7 IN THIS COMMONWEALTH; PROVIDING POWERS AND DUTIES FOR THE  
8 DEPARTMENT OF REVENUE; PROVIDING FOR LOCAL OPTION; AND  
9 PROVIDING FOR DISTRIBUTION OF REVENUES.

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

11 ~~Section 1. Legislative purpose.~~

<—

12 ~~The General Assembly of Pennsylvania recognizes that the~~  
13 ~~number of persons unemployed in Pennsylvania is at or near an~~  
14 ~~all time high. Pennsylvania has been losing jobs to other states~~  
15 ~~for a number of years. The General Assembly realizes that some~~  
16 ~~positive steps must be made in order to stimulate the economy~~  
17 ~~and halt this downward trend of unemployment. One positive step~~  
18 ~~concerns this legislation which would permit the manufacturing~~  
19 ~~of games of chance to be utilized in states where their use is~~  
20 ~~not prohibited by law. It is a well known economic fact that an~~  
21 ~~increase in manufacturing has a beneficial effect on the total~~  
22 ~~economy of a state, to include stepped up employment.~~

23 ~~Section 2. Short title.~~

24 ~~This act shall be known and may be cited as the Game~~  
25 ~~Manufacturing Law.~~

26 ~~Section 3. Definitions.~~

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

30 ~~"Game machine." Any mechanical, electrical or other coin-~~

1 ~~operated device, contrivance or machine which, upon insertion of~~  
2 ~~a coin or token therein or upon payment of any consideration~~  
3 ~~whatsoever, is available to play or operate with the opportunity~~  
4 ~~to win coins, tokens, cash, premiums, merchandise or anything of~~  
5 ~~value whatsoever, by application of the element of skill or~~  
6 ~~chance, or both. A slot machine shall be considered as such a~~  
7 ~~machine.~~

8 ~~"Person." An individual, firm, partnership, company,~~  
9 ~~association or corporation.~~

10 ~~Section 4. Qualifications.~~

11 ~~(a) Making and distribution of machines. It shall be lawful~~  
12 ~~for any person to engage in the manufacture, assembly and~~  
13 ~~distribution of all coin operated game machines as provided for~~  
14 ~~in this act.~~

15 ~~(b) Permitted sales. It shall be lawful for any person~~  
16 ~~engaged in the manufacture, assembly or distribution of any game~~  
17 ~~machine to sell or offer to sell any game machine to any person,~~  
18 ~~for use in any state wherein the use of such a type of game~~  
19 ~~machine is not prohibited by law.~~

20 ~~(c) Use of premises. It shall be lawful for any person~~  
21 ~~being the owner, tenant, lessee or occupant of any premises to~~  
22 ~~use the premises or to knowingly permit the premises to be used~~  
23 ~~for the manufacture, assembly and distribution of game machines~~  
24 ~~in accordance with the provisions of this act.~~

25 ~~Section 5. Prohibitions.~~

26 ~~It shall be unlawful for any person engaged in the~~  
27 ~~manufacture, assembly or distribution of game machines to sell~~  
28 ~~any slot machine for use in the Commonwealth unless otherwise~~  
29 ~~permitted by law.~~

30 ~~Section 6. Penalties.~~

1     ~~Any person who violates any provision of this act commits a~~  
2     ~~misdemeanor and shall, upon conviction, be sentenced to pay a~~  
3     ~~fine not exceeding \$10,000 and costs of prosecution or undergo~~  
4     ~~imprisonment not exceeding 30 days, or both.~~

5     ~~Section 7. Repeals.~~

6     ~~(a) Specific repeal. The provisions of 18 Pa.C.S. § 5513~~  
7     ~~(relating to gambling devices, gambling, etc.) are repealed to~~  
8     ~~the extent that they are inconsistent with this act.~~

9     ~~(b) General repeal. All other acts and parts of acts are~~  
10    ~~repealed insofar as they are inconsistent with this act.~~

11   ~~Section 8. Effective date.~~

12   ~~This act shall take effect in 60 days.~~

13   ~~SECTION 1. REFERENDUM.~~

<—

14   ~~THE QUESTION OF THE LEGALIZATION OF GAMBLING THROUGH CASINOS~~  
15   ~~OR BY THE USE OF GAMING MACHINES SHALL BE SUBMITTED TO THE~~  
16   ~~ELECTORS AT THE NEXT PRIMARY ELECTION FOLLOWING ENACTMENT OF~~  
17   ~~THIS ACT.~~

18   ~~SECTION 2. QUESTIONS.~~

19   ~~THE QUESTIONS SHALL BE IN SUBSTANTIALLY THE FOLLOWING FORM:~~

20         ~~DO YOU FAVOR THE LEGALIZATION IN~~  
21         ~~PENNSYLVANIA OF GAMBLING THROUGH CASINOS?~~  
22         ~~DO YOU FAVOR THE LEGALIZATION IN~~  
23         ~~PENNSYLVANIA OF GAMBLING BY GAMING MACHINES?~~  
24         ~~DO YOU FAVOR THE LEGALIZATION IN~~  
25         ~~PENNSYLVANIA OF GAMBLING THROUGH CASINOS~~  
26         ~~AND GAMING MACHINES?~~

27   ~~SECTION 3. CONDUCT OF ELECTION.~~

28   ~~THE ELECTION SHALL BE CONDUCTED UNDER THE ACT OF JUNE 3, 1937~~  
29   ~~(P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA ELECTION CODE.~~

30   ~~SECTION 4. EFFECTIVE DATE.~~

~~THIS ACT SHALL TAKE EFFECT IMMEDIATELY.~~

SECTION 1. SHORT TITLE.

THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE VIDEO GAMING  
CONTROL LAW.

SECTION 2. 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:

"CLUBS." NONPROFIT ESTABLISHMENTS WHICH HAVE A VALID  
PENNSYLVANIA CLUB LIQUOR LICENSE. THE TERM INCLUDES THE HOLDERS  
OF SPECIAL OCCASION PERMITS.

"DEPARTMENT." THE DEPARTMENT OF REVENUE.

"DISTRIBUTOR." AN INDIVIDUAL, PARTNERSHIP OR CORPORATION  
THAT BUYS, SELLS OR LEASES VIDEO GAMING MACHINES. THE TERM  
EXCLUDES MACHINE OWNERS.

"LICENSED ESTABLISHMENTS." A RESTAURANT, BAR, TAVERN, HOTEL  
OR CLUB WHICH HAS A VALID PENNSYLVANIA LIQUOR LICENSE.

"MACHINE OWNER." AN INDIVIDUAL, PARTNERSHIP OR CORPORATION  
THAT OWNS, SERVICES AND MAINTAINS VIDEO GAMING MACHINES FOR  
PLACING IN VARIOUS STATE-APPROVED PLACES.

"MANUFACTURER." AN INDIVIDUAL, PARTNERSHIP OR CORPORATION  
THAT MANUFACTURES OR ASSEMBLES VIDEO GAMING MACHINES.

"NET MACHINE REVENUES." THOSE NET PROFITS REMAINING FROM  
VIDEO GAMING MACHINES AFTER PRIZES HAVE BEEN PAID.

"PARTICIPATING POLITICAL SUBDIVISION." A CITY, TOWN,  
TOWNSHIP OR BOROUGH WHERE VIDEO GAMING MACHINES ARE IN USE UNDER  
THIS ACT.

"VIDEO GAMING MACHINE." A DEVICE OR MACHINE WHICH, UPON  
INSERTION OF A COIN, IS AVAILABLE TO PLAY OR SIMULATE THE PLAY  
OF ANY GAME UTILIZING A VIDEO DISPLAY AND MICROPROCESSORS AND IN

1 WHICH, WHETHER BY THE SKILL OF THE PLAYER OR BY CHANCE, THE  
2 PLAYER MAY RECEIVE FREE GAMES OR CREDITS WHICH CAN BE REDEEMED  
3 FOR ANYTHING OF VALUE.

4 SECTION 3. POWERS AND DUTIES OF DEPARTMENT.

5 (A) GENERAL POWERS AND DUTIES.--THE DEPARTMENT SHALL HAVE  
6 THE POWER TO PROMULGATE REGULATIONS AND ITS DUTY SHALL BE TO:

7 (1) PROVIDE FOR LICENSING PROCEDURES UNDER THIS ACT.

8 (2) PRESCRIBE NECESSARY APPLICATION AND REPORTING FORMS  
9 TO BE USED IN THIS ACT.

10 (3) GRANT OR DENY LICENSE APPLICATIONS.

11 (B) LICENSE APPROVAL.--THE DEPARTMENT MAY NOT DENY AN  
12 APPLICATION OR LIMIT, CONDITION OR RESTRICT A LICENSE EXCEPT FOR  
13 REASONABLE CAUSE. AN APPLICANT SHALL NOT BE GRANTED A LICENSE  
14 UNLESS:

15 (1) IF APPLICANT IS AN INDIVIDUAL:

16 (I) THE APPLICANT IS OF GOOD CHARACTER, HONESTY AND  
17 INTEGRITY AND IS QUALIFIED AND HAS ADEQUATE FINANCING  
18 FROM SUITABLE SOURCES.

19 (II) THE APPLICANT IS A CITIZEN OF THE UNITED STATES  
20 AND A RESIDENT OF THIS COMMONWEALTH FOR AT LEAST TWO  
21 YEARS PREVIOUS TO THE APPLICATION.

22 (2) IF APPLICANT IS A PARTNERSHIP, PARTNERS, GENERAL AND  
23 LIMITED, MUST QUALIFY AS INDIVIDUALS UNDER PARAGRAPH (1).

24 (3) IF APPLICANT IS A CORPORATION:

25 (I) IT MUST BE A REGISTERED PENNSYLVANIA CORPORATION  
26 FOR AT LEAST TWO YEARS.

27 (II) AT LEAST 50% OF ITS DIRECTORS MUST BE  
28 PENNSYLVANIA RESIDENTS FOR AT LEAST TWO YEARS.

29 (III) ALL OFFICERS MUST QUALIFY AS INDIVIDUALS UNDER  
30 PARAGRAPH (1).

1 (IV) STOCKHOLDERS MUST BE INDIVIDUALS.

2 (V) EVERY STOCKHOLDER OWNING 5% OR MORE OF THE STOCK  
3 OF THE CORPORATION MUST QUALIFY AS AN INDIVIDUAL UNDER  
4 PARAGRAPH (1).

5 (C) HEARING.--A PERSON WHO WAS DENIED A LICENSE SHALL HAVE  
6 THE RIGHT TO A HEARING BEFORE THE DEPARTMENT. THE HEARING SHALL  
7 BE CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF TITLE 2 OF THE  
8 PENNSYLVANIA CONSOLIDATED STATUTES (RELATING TO ADMINISTRATIVE  
9 LAW AND PROCEDURE).

10 (D) WINNING PERCENTAGE.--THE DEPARTMENT SHALL PRESCRIBE  
11 WINNING PERCENTAGE AND NECESSARY MACHINE ACCOUNTING INFORMATION.  
12 VIDEO GAMING MACHINES SHALL BE SET TO AWARD PLAYERS MINIMUM  
13 WINNINGS OF 80% OR MORE. VIDEO GAMING MACHINES WILL HAVE  
14 ELECTRONIC ACCOUNTING DEVICES TO VERIFY REVENUE DUE AND WINNING  
15 PERCENTAGES.

16 (E) VIOLATIONS.--THE DEPARTMENT SHALL INVESTIGATE, SUSPEND  
17 OR REVOKE LICENSES FOR VIOLATIONS OF THIS ACT AND SHALL HOLD  
18 HEARINGS IN WHICH TO CONSIDER THESE MATTERS. A LICENSE MAY NOT  
19 BE SUSPENDED OR REVOKED UNTIL A HEARING IS COMPLETED. THE FINE  
20 FOR A VIOLATION OF THIS ACT OR OF REGULATIONS PROMULGATED UNDER  
21 THIS ACT MAY NOT EXCEED \$5,000 FOR THE FIRST VIOLATION AND  
22 \$15,000 FOR EACH SUBSEQUENT VIOLATION. IN ADDITION TO THE FINE,  
23 INTEREST ON ANY MONEYS HELD IMPROPERLY, AS THE DEPARTMENT MAY  
24 PRESCRIBE, SHALL BE COLLECTED.

25 (F) STANDARDS OF CONDUCT.--THE DEPARTMENT SHALL PROMULGATE  
26 REGULATIONS FOR THE CONDUCT OF THE OFFICERS, EMPLOYEES AND  
27 AGENTS OF THE DEPARTMENT.

28 SECTION 4. USE OF ENFORCEMENT AGENTS.

29 (A) POWERS.--EMPLOYEES OF THE DEPARTMENT DESIGNATED AS  
30 ENFORCEMENT AGENTS ARE EMPOWERED TO INVESTIGATE THE BACKGROUND

1 AND ASSOCIATES OF LICENSE APPLICANTS TO WHATEVER EXTENT IS  
2 JUDGED NECESSARY BY THE DEPARTMENT. NO INVESTIGATION MAY BE  
3 UNDERTAKEN PRIOR TO THE SUBMISSION OF AN APPLICATION FOR A  
4 LICENSE BY A PARTY. NO INVESTIGATION MAY CONTINUE SUBSEQUENT TO  
5 THE GRANT OF A LICENSE, THE DENIAL OF A LICENSE OR THE  
6 WITHDRAWAL OF A LICENSE APPLICATION.

7 (B) AUTHORITY.--ENFORCEMENT AGENTS ARE EMPOWERED TO BE PEACE  
8 OFFICERS AND SHALL HAVE POLICE POWER AND AUTHORITY THROUGHOUT  
9 THIS COMMONWEALTH TO ARREST, ON VIEW OR UNDER WARRANT, A PERSON  
10 TAMPERING WITH VIDEO GAMING MACHINES, ATTEMPTING OR CONSPIRING  
11 TO MANIPULATE THE OUTCOME OR THE PAYOFF OF A VIDEO GAMING  
12 MACHINE OR MANIPULATING THE OUTCOME OR PAYOFF OF A VIDEO GAMING  
13 MACHINE BY PHYSICAL TAMPERING OR THROUGH THE INTERFERENCE OF THE  
14 LAWFUL AND PROPER FUNCTIONING OF THE MECHANISM.

15 (C) INVESTIGATION AND REPORT.--ENFORCEMENT AGENTS MAY  
16 INVESTIGATE ALLEGED ILLEGAL ACTIVITIES CONCERNING VIDEO GAMING  
17 MACHINES AND THEIR OPERATION, MAINTENANCE AND PLACEMENT.  
18 FINDINGS SHALL BE REPORTED IN WRITING TO THE DEPARTMENT, WHICH  
19 SHALL RELAY SUSPECTED CRIMINAL ACTIVITY OR VIOLATIONS OF THE LAW  
20 TO THE APPROPRIATE DISTRICT ATTORNEY FOR PROSECUTION.

21 (D) STATE AND LOCAL POLICE.--IN ADDITION TO ANY OTHER PERSON  
22 AUTHORIZED TO ENFORCE THE PROVISIONS OF THIS ACT, THE  
23 PENNSYLVANIA STATE POLICE AND POLICE OF ANY MUNICIPALITY SHALL  
24 BE EMPOWERED TO ENFORCE THE PROVISIONS OF THIS ACT.

25 SECTION 5. UNLAWFUL USE BY MINORS.

26 (A) MINORS.--NO PERSON UNDER 21 YEARS OF AGE MAY USE OR PLAY  
27 THE VIDEO GAMING MACHINES. A MINOR USING OR PLAYING OR  
28 ATTEMPTING TO USE OR PLAY A VIDEO GAMING MACHINE COMMITS A  
29 SUMMARY OFFENSE AND SHALL, UPON CONVICTION, PAY A FINE NOT IN  
30 EXCESS OF \$1,000.



(B) LICENSEES.--A LICENSED ESTABLISHMENT WHICH PERMITS A PERSON UNDER 21 YEARS OF AGE TO PLAY OR USE THE VIDEO GAMING MACHINES, WHETHER OR NOT THAT LICENSED ESTABLISHMENT IS ACTUALLY AWARE OF THE MINOR'S AGE, COMMITS A SUMMARY OFFENSE AND SHALL, UPON CONVICTION, PAY A FINE NOT IN EXCESS OF \$5,000. THE ESTABLISHMENT OF THE FOLLOWING FACTS BY A PERSON ALLOWING A MINOR TO OPERATE THE VIDEO GAMING MACHINES SHALL CONSTITUTE A DEFENSE TO PROSECUTION UNDER THIS SUBSECTION:

(1) THE MINOR FALSELY REPRESENTED IN WRITING THAT THE MINOR WAS 21 YEARS OF AGE OR OVER.

(2) THE APPEARANCE OF THE MINOR WAS SUCH THAT AN ORDINARY PERSON OF PRUDENT JUDGMENT WOULD BELIEVE THE MINOR TO BE 21 YEARS OF AGE OR OVER.

(3) THE PERMISSION TO OPERATE THE VIDEO GAMING MACHINES WAS MADE IN GOOD FAITH, RELYING UPON WRITTEN REPRESENTATION AND APPEARANCE AND IN THE REASONABLE BELIEF THAT THE MINOR WAS ACTUALLY 21 YEARS OF AGE OR OVER.

SECTION 6. DIRECT DISPENSING.

A MACHINE MAY NOT DIRECTLY DISPENSE COINS OR CASH.

SECTION 7. LOCAL OPTION.

(A) PLACEMENT ON BALLOT.--A MAJORITY OF THE VOTERS OF A CITY, TOWN, TOWNSHIP OR BOROUGH SHALL HAVE THE OPTION TO REJECT THE PLACEMENT OF VIDEO GAMING MACHINES IN ITS RESPECTIVE POLITICAL SUBDIVISION WITHIN 180 DAYS FROM THE EFFECTIVE DATE OF THIS ACT IF THE REJECTION IS IN CONFORMITY WITH THE ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA ELECTION CODE. THE QUESTION SHALL BE PLACED UPON THE BALLOT OF THAT POLITICAL SUBDIVISION FOR THE NEXT REGULARLY SCHEDULED ELECTION AS A "NO" QUESTION IF 25% OF THE REGISTERED VOTERS OF THAT POLITICAL SUBDIVISION SIGN A PETITION REQUESTING THAT THE

1 QUESTION BE PUT ON THE BALLOT. THE RESULTS SHALL BE TRANSMITTED  
2 TO THE SECRETARY OF THE COMMONWEALTH, WHO SHALL HAVE THE DUTY OF  
3 INFORMING THE DEPARTMENT OF THE RESULT.

4 (B) SPECIAL ELECTION.--NO SPECIAL ELECTION SHALL BE HELD TO  
5 ANSWER THIS QUESTION. HOWEVER, IF A SPECIAL ELECTION IS HELD TO  
6 DECIDE OTHER MATTERS, THIS QUESTION MAY PROPERLY BE PLACED ON  
7 THAT BALLOT ALONG WITH THE OTHER MATTERS TO BE DECIDED.

8 SECTION 8. AUTHORITY TO LICENSE.

9 (A) TYPES OF LICENSE.--AFTER APPROVING THE PROPER  
10 APPLICATIONS, THE DEPARTMENT MAY ISSUE THE FOLLOWING LICENSES:

11 (1) A MANUFACTURER'S LICENSE MAY BE ISSUED TO A PERSON  
12 THAT MANUFACTURES OR ASSEMBLES VIDEO GAMING MACHINES FOR USE  
13 IN THIS COMMONWEALTH. THE ANNUAL FEE SHALL BE \$25,000.

14 (2) A DISTRIBUTOR'S LICENSE MAY BE ISSUED TO A PERSON  
15 THAT BUYS OR SELLS VIDEO GAMING MACHINES IN THIS  
16 COMMONWEALTH. THE ANNUAL FEE SHALL BE \$10,000.

17 (3) A MACHINE OWNER'S LICENSE MAY BE ISSUED TO A PERSON  
18 THAT OWNS, SERVICES AND MAINTAINS VIDEO GAMING MACHINES FOR  
19 PLACEMENT IN LICENSED ESTABLISHMENTS. THE ANNUAL FEE SHALL BE  
20 \$50,000 FOR THE FIRST 100 INDIVIDUAL VIDEO GAMING MACHINE  
21 LICENSES. FOR EACH ADDITIONAL VIDEO GAMING MACHINE, THE  
22 ANNUAL FEE SHALL BE \$500 PER MACHINE.

23 (4) A LICENSED ESTABLISHMENT LICENSE MAY BE ISSUED TO  
24 THE OWNER OF A LICENSED ESTABLISHMENT. THE ANNUAL FEE FOR THE  
25 LICENSE SHALL BE AS FOLLOWS:

26 (I) FIVE HUNDRED DOLLARS FOR UP TO AND INCLUDING  
27 THREE VIDEO GAMING MACHINES.

28 (II) ONE THOUSAND DOLLARS FOR UP TO AND INCLUDING  
29 FIVE VIDEO GAMING MACHINES.

30 (III) THREE THOUSAND DOLLARS FOR UP TO AND INCLUDING

1           TEN VIDEO GAMING MACHINES.

2       (B)   REQUIREMENTS.--

3           (1)   EVERY VIDEO GAMING MACHINE IN USE SHALL HAVE A  
4       MACHINE OWNER'S LICENSE AND A LICENSED LOCATION LICENSE  
5       DISPLAYED.

6           (2)   FOR A LICENSED ESTABLISHMENT WHICH USES VIDEO GAMING  
7       MACHINES, THE MAXIMUM VIDEO GAMING MACHINES ALLOWED SHALL BE  
8       TEN. NO VIDEO GAMING MACHINES MAY BE PLACED IN A LICENSED  
9       ESTABLISHMENT UNLESS THE OWNER, OR, IN THE CASE OF A CLUB,  
10      THE PROPER AUTHORITY OF THE LICENSED ESTABLISHMENT, HAS  
11      ENTERED INTO A CONTRACT WITH A MACHINE OWNER FOR THE  
12      PLACEMENT OF THE MACHINES FOR A MINIMUM TERM OF ONE YEAR.

13      (C)   LICENSEES.--NO PERSON MAY HOLD MORE THAN ONE CLASS OF  
14      LICENSE, DIRECTLY OR INDIRECTLY, OR HAVE ANY INTEREST THEREIN.  
15      SECTION 9.   DISTRIBUTION OF PROCEEDS.

16      (A)   MANNER OF DISTRIBUTION.--THE NET PROFIT DERIVED FROM A  
17      VIDEO GAMING MACHINE SHALL BE DISTRIBUTED AS FOLLOWS:

18           (1)   FORTY PERCENT TO THE MACHINE OWNER.

19           (2)   THIRTY PERCENT TO THE LICENSED ESTABLISHMENT WHERE  
20      THE MACHINE IS LOCATED.

21           (3)   THIRTY PERCENT TO LOCAL GOVERNMENTS TO BE USED FOR  
22      PROPERTY TAX RELIEF AS SET FORTH IN SECTION 10.

23      (B)   COLLECTION.--NET REVENUES SHALL BE COLLECTED BY THE  
24      MACHINE OWNER FOR EACH LICENSED VIDEO GAMING MACHINE.

25      (C)   REPORTS.--THE MACHINE OWNER SHALL MAKE A REPORT TO THE  
26      COUNTY TREASURER AND THE COMMONWEALTH EACH MONTH WITH THE  
27      FOLLOWING INFORMATION:

28           (1)   SERIAL NUMBER OF EACH VIDEO GAMING MACHINE  
29      TOTALIZER.

30           (2)   NAME AND ADDRESS OF PREMISES WHERE MACHINE IS

1 LOCATED.

2 (3) COMPUTER PRINTOUT OF THE NET REVENUE OF EACH MACHINE  
3 TAKEN DIRECTLY FROM TOTALIZER.

4 SECTION 10. LOCAL GOVERNMENT REVENUES.

5 (A) DISTRIBUTION.--THE OWNER OF EACH VIDEO GAMING MACHINE  
6 SHALL SEND A MONTHLY REPORT AND THE 30% OF MACHINE NET REVENUES  
7 TO THE TREASURER OF THE COUNTY WHERE THE MACHINES ARE LOCATED TO  
8 BE DISTRIBUTED WITHIN 30 DAYS AS FOLLOWS:

9 (1) FIFTY PERCENT TO MUNICIPALITIES OTHER THAN COUNTIES.

10 (2) FORTY PERCENT TO SCHOOL DISTRICTS.

11 (3) TEN PERCENT TO COUNTIES.

12 (B) PURPOSE.--IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT  
13 THE MONEYS DISTRIBUTED TO THE LOCAL GOVERNMENTS IN THIS SECTION  
14 BE USED TO REDUCE PROPERTY TAXES.

15 SECTION 11. CREATION OF ACCOUNT.

16 REVENUES FROM LICENSES AND FINES UNDER THIS ACT SHALL BE  
17 PLACED IN A RESTRICTED REVENUE ACCOUNT TO FUND THE OPERATION OF  
18 THE DEPARTMENT AS REQUIRED BY THIS ACT, INCLUDING, BUT NOT  
19 LIMITED TO, SALARIES AND ADMINISTRATIVE EXPENSES. THE DEPARTMENT  
20 SHALL ALLOCATE A MINIMUM OF \$100,000 TO BE USED FOR TREATMENT OF  
21 COMPULSIVE GAMBLERS BY GAMBLERS ANONYMOUS IN ACCORDANCE WITH  
22 REGULATIONS TO BE ADOPTED BY THE DEPARTMENT.

23 SECTION 12. MANUFACTURING, DISTRIBUTION AND SALES.

24 (A) MAKING AND DISTRIBUTION OF MACHINES.--IT SHALL BE LAWFUL  
25 FOR ANY PERSON TO ENGAGE IN THE MANUFACTURE, ASSEMBLY AND  
26 DISTRIBUTION OF ALL VIDEO GAMING MACHINES AS PROVIDED FOR IN  
27 THIS ACT.

28 (B) PERMITTED SALES.--IT SHALL BE LAWFUL FOR ANY PERSON  
29 ENGAGED IN THE MANUFACTURE, ASSEMBLY OR DISTRIBUTION OF ANY  
30 VIDEO GAMING MACHINE TO SELL OR OFFER TO SELL ANY VIDEO GAMING

1 MACHINE TO ANY PERSON, FOR USE IN ANY STATE WHERE IN THE USE OF  
2 SUCH A TYPE OF VIDEO GAMING MACHINE IS NOT PROHIBITED BY LAW.

3 (C) USE OF PREMISES.--IT SHALL BE LAWFUL FOR ANY PERSON  
4 BEING THE OWNER, TENANT, LESSEE OR OCCUPANT OF ANY PREMISES TO  
5 USE THE PREMISES OR TO KNOWINGLY PERMIT THE PREMISES TO BE USED  
6 FOR THE MANUFACTURE, ASSEMBLY AND DISTRIBUTION OF VIDEO GAMING  
7 MACHINES IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT.

8 (D) EXISTING MACHINES.--MACHINES MANUFACTURED PRIOR TO THE  
9 EFFECTIVE DATE OF THIS ACT SHALL BE EXEMPT FROM THE PROVISIONS  
10 OF THIS ACT RELATING TO MANUFACTURING AND SALES OF VIDEO GAMING  
11 MACHINES. THESE MACHINES SHALL BE CONSIDERED TO HAVE BEEN  
12 MANUFACTURED, DISTRIBUTED OR SOLD LEGALLY.

13 SECTION 13. PREEMPTION OF LOCAL TAXES AND LICENSE FEES.

14 (A) PREEMPTION.-- VIDEO GAMING MACHINES AND COIN-OPERATED  
15 AMUSEMENT MACHINES SHALL BE EXEMPT FROM TAXES LEVIED UNDER THE  
16 ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45, NO.45), REFERRED TO AS  
17 THE STERLING ACT, OR THE ACT OF DECEMBER 31, 1965 (P.L.1257,  
18 NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT.

19 (B) FEES RESTRICTED.--COIN-OPERATED AMUSEMENT GAMES,  
20 EXCLUDING VIDEO GAMING MACHINES, MAY BE LICENSED BY LOCAL  
21 POLITICAL SUBDIVISIONS FOR A TOTAL UP TO BUT NOT EXCEEDING \$50  
22 PER MACHINE PER YEAR.

23 SECTION 14. EXEMPTION FROM STATE GAMBLING LAWS.

24 VIDEO GAMING MACHINES SHALL BE EXEMPT FROM STATE GAMBLING  
25 LAWS.

26 SECTION 15. EXEMPTION FROM FEDERAL REGULATION.

27 THE GENERAL ASSEMBLY DECLARES THAT THE COMMONWEALTH IS EXEMPT  
28 FROM SECTION 2 OF THE GAMBLING DEVICES TRANSPORTATION ACT (64  
29 STAT. 1134, 15 U.S.C. § 1172). SHIPMENTS OF VIDEO DEVICES INTO  
30 THIS COMMONWEALTH IN COMPLIANCE WITH SECTIONS 3 AND 4 OF THE

1 GAMBLING DEVICES TRANSPORTATION ACT (64 STAT. 1135, 15 U.S.C. §§  
2 1173 AND 1174) SHALL BE DEEMED LEGAL SHIPMENTS INTO THIS  
3 COMMONWEALTH.  
4 SECTION 16. EFFECTIVE DATE.  
5 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.