

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 3032 Session of
2006

INTRODUCED BY VITALI, CALTAGIRONE, CLYMER, CRAHALLA, DeLUCA,
FAIRCHILD, HARPER, McILHATTAN, NAILOR, PETRARCA, PETRONE,
RUBLEY, SCAVELLO AND TIGUE, OCTOBER 17, 2006

REFERRED TO COMMITTEE ON TOURISM AND RECREATIONAL DEVELOPMENT,
OCTOBER 17, 2006

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, deleting provisions relating to supplier licenses.

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

5 Section 1. The definitions of "gaming employee," "licensed
6 entity," "supplier," "supplier license" and "supplier licensee"
7 in section 1103 of Title 4 of the Pennsylvania Consolidated
8 Statutes are amended to read:

9 § 1103. Definitions.

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

13 * * *

14 "Gaming employee." Any employee of a slot machine licensee,
15 including, but not limited to:

16 (1) Cashiers.

17 (2) Change personnel.

- 1 (3) Counting room personnel.
- 2 (4) Slot attendants.
- 3 (5) Hosts or other persons authorized to extend
- 4 complimentary services.
- 5 (6) Machine mechanics or computer machine technicians.
- 6 (7) Security personnel.
- 7 (8) Surveillance personnel.
- 8 (9) Supervisors and managers.

9 [The term includes employees of a person holding a supplier's
10 license whose duties are directly involved with the repair or
11 distribution of slot machines and associated equipment sold or
12 provided to the licensed facility within this Commonwealth as
13 determined by the Pennsylvania Gaming Control Board.] The term
14 does not include bartenders, cocktail servers or other persons
15 engaged solely in preparing or serving food or beverages,
16 clerical or secretarial personnel, parking attendants,
17 janitorial, stage, sound and light technicians and other
18 nongaming personnel as determined by the board.

19 * * *

20 "Licensed entity." Any slot machine licensee, manufacturer
21 licensee[, supplier licensee] or other person licensed by the
22 Pennsylvania Gaming Control Board under this part.

23 * * *

24 ["Supplier." A person that sells, leases, offers or
25 otherwise provides, distributes or services any slot machine or
26 associated equipment for use or play of slot machines in this
27 Commonwealth.

28 "Supplier license." A license issued by the Pennsylvania
29 Gaming Control Board authorizing a supplier to provide products
30 or services related to slot machines or associated equipment to

1 slot machine licensees.

2 "Supplier licensee." A supplier that holds a supplier
3 license.]

4 Section 2. Sections 1202(b)(5), 1208(1), 1306, 1317, 1320(a)
5 and (b), 1324, 1513(b) and (c) and 1518(b) of Title 4 are
6 amended to read:

7 § 1202. General and specific powers.

8 * * *

9 (b) Specific powers.--The board shall have the specific
10 power and duty:

11 * * *

12 (5) At its discretion, to issue, approve, renew, revoke,
13 suspend, condition or deny issuance or renewal of [supplier
14 and] manufacturer licenses.

15 * * *

16 § 1208. Collection of fees and fines.

17 The board has the following powers and duties:

18 (1) To levy and collect fees from the various
19 applicants, licensees and permittees to fund the operations
20 of the board. The fees shall be deposited into the State
21 Gaming Fund as established in section 1403 (relating to
22 establishment of State Gaming Fund and net slot machine
23 revenue distribution). In addition to the fees set forth in
24 sections 1209 (relating to slot machine license fee) and 1305
25 (relating to Category 3 slot machine license), the board
26 shall assess and collect fees as follows:

27 [(i) Supplier licensees shall pay a fee of \$25,000
28 upon the issuance of a license and \$10,000 for the annual
29 renewal of a supplier license.]

30 (ii) Manufacturer licensees shall pay a fee of

1 \$50,000 upon the issuance of a license and \$25,000 for
2 the annual renewal of a manufacturer license.

3 (iii) Each application for a slot machine license[,
4 supplier license] or manufacturer license must be
5 accompanied by a nonrefundable fee set by the board for
6 the cost of each individual requiring a background
7 investigation. The reasonable and necessary costs and
8 expenses incurred in any background investigation or
9 other investigation or proceeding concerning any
10 applicant, licensee or permittee shall be reimbursed to
11 the board by those persons.

12 * * *

13 § 1306. Order of initial license issuance.

14 In order to facilitate the timely and orderly deployment of
15 licensed gaming operations in this Commonwealth, the board shall
16 adopt a schedule by which applicants for slot machine[,] and
17 manufacturer [and supplier] licenses shall be filed, considered
18 and resolved in accordance with the provisions of this part. In
19 so doing, the board shall consider, approve, condition or deny
20 the approval of all filed applications for manufacturer [and
21 supplier] licenses as soon as administratively possible and at
22 least three months prior to the board's approval, conditioning
23 or denial of the approval of any Category 1 license application
24 pursuant to section 1315 (relating to conditional Category 1
25 licenses) or any other category of slot machine license pursuant
26 to section 1301 (relating to authorized slot machine licenses).
27 [The board shall ensure that an adequate number of suppliers
28 have been licensed pursuant to section 1301 to meet market
29 demand.]

30 § 1317. [Supplier and manufacturer] Manufacturer licenses

1 application.

2 (a) Application.--Any person seeking to [provide slot
3 machines or associated equipment to a slot machine licensee
4 within this Commonwealth or to] manufacture slot machines for
5 use in this Commonwealth shall apply to the board for [either a
6 supplier or] a manufacturer license. [No person, its affiliate,
7 intermediary, subsidiary or holding company who has applied for
8 or is a holder of a manufacturer or slot machine license shall
9 be eligible to apply for or hold a supplier license. A supplier
10 licensee shall establish a principle place of business in this
11 Commonwealth within one year of issuance of its supplier license
12 and maintain such during the period in which the license is
13 held. No slot machine licensee shall enter into any sale, lease,
14 contract or any other type of agreement providing slot machines,
15 progressive slot machines, parts or associated equipment for use
16 or play with any person other than a supplier licensed pursuant
17 to this section. Slot monitoring systems, casino management
18 systems, player tracking systems and wide-area progressive
19 systems are excluded from any requirements that they be provided
20 through a licensed supplier as set forth in this part.]

21 (b) Requirements.--The application for a [supplier or]
22 manufacturer license shall include, at a minimum:

23 (1) The name and business address of the applicant, the
24 directors and owners of the applicant and a list of employees
25 and their positions within the business, as well as any
26 financial information required by the board.

27 (2) The consent to a background investigation of the
28 applicant, its officers, directors, owners, key employees or
29 other persons required by the board and a release to obtain
30 any and all information necessary for the completion of the

1 background investigation.

2 (3) The details of any equivalent license granted or
3 denied by other jurisdictions where gaming activities are
4 permitted and consent for the board to acquire copies of
5 applications submitted or licenses issued in connection
6 therewith.

7 (4) The type of goods and services to be [supplied or]
8 manufactured and whether those goods and services will be
9 provided through purchase, lease, contract or otherwise.

10 (5) Any other information determined by the board to be
11 appropriate.

12 § 1320. Slot machine testing and certification standards.

13 (a) Use of other state standards.--Until such time as the
14 board establishes an independent testing and certification
15 facility pursuant to subsection (b), the board may determine, at
16 its discretion, whether the slot machine testing and
17 certification standards of another jurisdiction within the
18 United States in which an applicant for a manufacturer license
19 is licensed are comprehensive and thorough and provide similar
20 adequate safeguards as those required by this part. If the board
21 makes that determination, it may permit a manufacturer [through
22 a licensed supplier as provided in section 1317 (relating to
23 supplier and manufacturer licenses application)] to deploy those
24 slot machines which have met the slot machine testing and
25 certification standards in such other jurisdictions without
26 undergoing the full testing and certification process by a
27 board-established independent facility. In the event slot
28 machines of an applicant for a manufacturer license are licensed
29 in such other jurisdiction, the board may determine to use an
30 abbreviated process requiring only that information determined

1 by the board to be necessary to consider the issuance of a slot
2 machine certification to such an applicant. Alternatively, the
3 board in its discretion may also rely upon the certification of
4 a slot machine that has met the testing and certification
5 standards of a board-approved private testing and certification
6 facility until such time as the board establishes an independent
7 testing and certification facility pursuant to subsection (b).
8 Nothing in this section shall be construed to waive any fees
9 associated with obtaining a license through the normal
10 application process.

11 (b) Facility in Commonwealth.--Within three years
12 immediately following the effective date of this part, the board
13 shall establish and maintain an independent slot machine testing
14 and certification facility. The cost for the establishment and
15 operation of an independent slot machine testing and
16 certification facility shall be paid by each licensed
17 manufacturer in accordance with a schedule adopted by the board.
18 The facility shall be made available to each slot machine
19 manufacturer [and supplier] as determined by the board.

20 * * *

21 § 1324. Protocol information.

22 The department shall provide, upon request and in advance of
23 the operation of a central control computer, to a licensed slot
24 machine [supplier or] manufacturer the comprehensive protocol
25 specifications necessary to enable the respective slot machine
26 [suppliers or] manufacturers of slot machine terminals to
27 communicate with the department's central control computer for
28 the purpose of transmitting auditing program information and for
29 activating and disabling of slot machine terminals.

30 Manufacturers [and suppliers] shall be afforded a reasonable

1 period of time to comment upon the protocol in advance of the
2 operation of the central control computer. Once adopted, the
3 department shall provide [suppliers and] manufacturers a
4 reasonable period of time to review and comment on any changes
5 and on documentation data for all proposed changes to the
6 original protocol specifications of the central control
7 computer. Manufacturers [and suppliers] shall be afforded a
8 reasonable period of time to comment upon and employ all
9 proposed changes to the protocol in advance of its
10 implementation and operation with the central control computer.
11 Notwithstanding the foregoing, the department may expedite
12 changes in the protocol as may be needed to ensure the integrity
13 and stability of the entire system.

14 § 1513. Political influence.

15 * * *

16 (b) Annual certification.--The chief executive officer, or
17 other appropriate individual, of each applicant for a slot
18 machine license[,] or manufacturer license [or supplier
19 license], licensed racing entity, [licensed supplier,] licensed
20 manufacturer or licensed gaming entity shall annually certify
21 under oath to the board and the Department of State that such
22 applicant or licensed racing entity, [licensed supplier,]
23 licensed manufacturer or licensed gaming entity has developed
24 and implemented internal safeguards and policies intended to
25 prevent a violation of this provision and that such applicant or
26 licensed racing entity or licensed gaming entity has conducted a
27 good faith investigation that has not revealed any violation of
28 this provision during the past year.

29 (c) Penalties.--The first violation of this section by a
30 licensed gaming entity or any person that holds a controlling

1 interest in such gaming entity, or a subsidiary company thereof,
2 and any officer, director or management-level employee of such
3 licensee shall be punishable by a fine of not less than an
4 average single day's gross terminal revenue of the licensed
5 gaming entity derived from the operation of slot machines in
6 this Commonwealth; a second violation of this section, within
7 five years of the first violation, shall be punishable by at
8 least a one-day suspension of the license held by the licensed
9 gaming entity and a fine not less than an average two days'
10 gross revenue of the licensed gaming entity; a third violation
11 of this section within five years of the second violation shall
12 be punishable by the immediate revocation of the license held by
13 the licensed gaming entity. The first violation of this section
14 by a manufacturer [or supplier] licensed pursuant to this part
15 or by any person that holds a controlling interest in such
16 manufacturer [or supplier], or a subsidiary company thereof, and
17 any officer, director or management-level employee of such a
18 licensee shall be punishable by a fine of not less than one
19 day's average of the gross profit from sales made by the
20 manufacturer [or supplier] in Pennsylvania during the preceding
21 12-month period or portion thereof in the event the manufacturer
22 [or supplier] has not operated in Pennsylvania for 12 months; a
23 second violation of this section within five years of the first
24 violation shall be punishable by a one-month suspension of the
25 license held by the manufacturer [or supplier] and a fine of not
26 less than two times one day's average of the gross profit from
27 sales made by the manufacturer [or supplier] in Pennsylvania
28 during the preceding 12-month period or portion thereof in the
29 event the manufacturer [or supplier] has not operated in
30 Pennsylvania for 12 months. In no event shall the fine imposed

1 under this section be in an amount less than \$50,000 for each
2 violation. In addition to any fine or sanction that may be
3 imposed by the board, any person who makes a contribution in
4 violation of this section commits a misdemeanor of the third
5 degree.

6 § 1518. Prohibited acts; penalties.

7 * * *

8 (b) Criminal penalties and fines.--

9 (1) (i) A person that violates subsection (a)(1)
10 commits an offense to be graded in accordance with 18
11 Pa.C.S. § 4902, 4903 or 4904, as applicable, for a first
12 conviction. A person that is convicted of a second or
13 subsequent violation of subsection (a)(1) commits a
14 felony of the second degree.

15 (ii) A person that violates subsection (a)(2)
16 through (12) commits a misdemeanor of the first degree. A
17 person that is convicted of a second or subsequent
18 violation of subsection (a)(2) through (12) commits a
19 felony of the second degree.

20 (2) (i) For a first violation of subsection (a)(1)
21 through (12), a person shall be sentenced to pay a fine
22 of:

23 (A) not less than \$75,000 nor more than \$150,000
24 if the person is an individual;

25 (B) not less than \$300,000 nor more than
26 \$600,000 if the person is a licensed gaming entity;
27 or

28 (C) not less than \$150,000 nor more than
29 \$300,000 if the person is a licensed manufacturer [or
30 supplier].

1 (ii) For a second or subsequent violation of
2 subsection (a)(1) through (12), a person shall be
3 sentenced to pay a fine of:

4 (A) not less than \$150,000 nor more than
5 \$300,000 if the person is an individual;

6 (B) not less than \$600,000 nor more than
7 \$1,200,000 if the person is a licensed gaming entity;
8 or

9 (C) not less than \$300,000 nor more than
10 \$600,000 if the person is a licensed manufacturer [or
11 supplier].

12 * * *

13 Section 3. This act shall take effect immediately.