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 THE GENERAL ASSEMBLY OF PENNSYLVANIA
 

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# HOUSE BILL

No. 941 Session of  
2015

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INTRODUCED BY REGAN, MILLARD, MARSHALL, IRVIN, PICKETT,  
A. HARRIS, SANKEY, GIBBONS, COHEN, READSHAW, GROVE, MURT,  
MOUL, PHILLIPS-HILL AND SAYLOR, APRIL 16, 2015

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AMENDMENTS TO SENATE AMENDMENTS, HOUSE OF REPRESENTATIVES,  
DECEMBER 14, 2015

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AN ACT

1 Amending the act of April 9, 1929 (P.L.177, No.175), entitled  
2 "An act providing for and reorganizing the conduct of the  
3 executive and administrative work of the Commonwealth by the  
4 Executive Department thereof and the administrative  
5 departments, boards, commissions, and officers thereof,  
6 including the boards of trustees of State Normal Schools, or  
7 Teachers Colleges; abolishing, creating, reorganizing or  
8 authorizing the reorganization of certain administrative  
9 departments, boards, and commissions; defining the powers and  
10 duties of the Governor and other executive and administrative  
11 officers, and of the several administrative departments,  
12 boards, commissions, and officers; fixing the salaries of the  
13 Governor, Lieutenant Governor, and certain other executive  
14 and administrative officers; providing for the appointment of  
15 certain administrative officers, and of all deputies and  
16 other assistants and employes in certain departments, boards,  
17 and commissions; and prescribing the manner in which the  
18 number and compensation of the deputies and all other  
19 assistants and employes of certain departments, boards and  
20 commissions shall be determined," IN ORGANIZATION OF <--  
21 INDEPENDENT ADMINISTRATIVE BOARDS AND COMMISSIONS, PROVIDING  
22 FOR PENNSYLVANIA GAMING CONTROL BOARD; in organization,  
23 further providing for advisory boards and commissions; in  
24 Commonwealth agency fees, further providing for distillery of  
25 historical significance license fee reduction; ~~in powers and~~ <--  
26 ~~duties of Pennsylvania Public Utility Commission, providing~~  
27 ~~for transportation network companies;~~ providing for race  
28 horse industry reform; conferring duties upon the Joint State  
29 Government Commission; making editorial changes; and making  
30 related repeals.

1 The General Assembly of the Commonwealth of Pennsylvania  
2 hereby enacts as follows:

3 Section 1. The title of the act of April 9, 1929 (P.L.177,  
4 No.175), known as The Administrative Code of 1929, is amended to  
5 read:

6 AN ACT

7 Providing for and reorganizing the conduct of the executive and  
8 administrative work of the Commonwealth by the Executive  
9 Department thereof and the administrative departments,  
10 boards, commissions, and officers thereof, including the  
11 boards of trustees of State Normal Schools, or Teachers  
12 Colleges; abolishing, creating, reorganizing or authorizing  
13 the reorganization of certain administrative departments,  
14 boards, and commissions; defining the powers and duties of  
15 the Governor and other executive and administrative officers,  
16 and of the several administrative departments, boards,  
17 commissions, and officers; fixing the salaries of the  
18 Governor, Lieutenant Governor, and certain other executive  
19 and administrative officers; providing for the appointment of  
20 certain administrative officers, and of all deputies and  
21 other assistants and employes in certain departments, boards,  
22 and commissions; ~~providing for transportation network~~ <--  
23 ~~companies;~~ providing for the regulation of pari-mutuel  
24 thoroughbred horse racing and harness horse racing  
25 activities, imposing certain taxes and providing for the  
26 disposition of funds from pari-mutuel tickets; and  
27 prescribing the manner in which the number and compensation  
28 of the deputies and all other assistants and employes of  
29 certain departments, boards and commissions shall be  
30 determined.

1 SECTION 1.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <--

2 SECTION 309. PENNSYLVANIA GAMING CONTROL BOARD.--(A) NOT  
3 LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION, THE  
4 PENNSYLVANIA GAMING CONTROL BOARD SHALL SUBMIT A REPORT TO THE  
5 CHAIRPERSON AND MINORITY CHAIRPERSON OF THE COMMUNITY, ECONOMIC  
6 AND RECREATIONAL DEVELOPMENT COMMITTEE OF THE SENATE AND THE  
7 CHAIRPERSON AND MINORITY CHAIRPERSON OF THE GAMING OVERSIGHT  
8 COMMITTEE OF THE HOUSE OF REPRESENTATIVES ON THE POTENTIAL OF  
9 FANTASY SPORTS AS A GAMBLING PRODUCT IN THIS COMMONWEALTH.

10 (B) IN COMPILING THE REPORT, THE PENNSYLVANIA GAMING CONTROL  
11 BOARD SHALL CONSIDER AND ADDRESS THE FOLLOWING:

12 (1) A DEFINITION OF "FANTASY SPORTS."

13 (2) THE STRUCTURE OF THE DIFFERENT FANTASY SPORTS FORMATS  
14 AND THE UNDERLYING ACTIVITIES THAT MAY BE APPROPRIATE FOR  
15 OVERSIGHT.

16 (3) FANTASY SPORTS ENTITIES, INCLUDING THE ROLES AND  
17 RELATIONSHIPS OF ANCILLARY FANTASY SPORTS BUSINESSES, INCLUDING  
18 HOST INTERNET WEBSITES, COLLEGIATE AND PROFESSIONAL SPORTS  
19 ORGANIZATIONS AND PERSONS WITH A CONTROLLING INTEREST IN FANTASY  
20 SPORTS ENTITIES.

21 (4) HOW REGULATION OF FANTASY SPORTS WOULD FIT INTO THE  
22 COMMONWEALTH'S CURRENT GAMBLING LAWS AND POLICIES.

23 (5) COMPULSIVE AND PROBLEM GAMBLING.

24 (6) PROTECTION OF MINORS.

25 (7) MEASURES TO ENSURE THE WELL-BEING AND SAFETY OF PLAYERS.

26 (8) SAFEGUARDS AND MECHANISMS TO ENSURE THE REPORTING OF  
27 GAMBLING WINNINGS AND FACILITATE THE COLLECTION OF APPLICABLE  
28 FEDERAL AND STATE TAXES IN COMPLIANCE WITH FEDERAL AND STATE  
29 LAW.

30 (9) RECOMMENDATIONS FOR LEGISLATIVE ACTION.

1       (10) ANY OTHER INFORMATION RELATED TO THE CONDUCT AND  
2       OPERATION OF FANTASY SPORTS AS THE BOARD MAY DEEM APPROPRIATE.

3       Section ~~4.1~~ 1.2. Section 448(p) of the act, added December       <--  
4       3, 1970 (P.L.834, No.275), is amended to read:

5       Section 448. Advisory Boards and Commissions.--The advisory  
6       boards and commissions, within the several administrative  
7       departments, shall be constituted as follows:

8       \* \* \*

9       (p) The Citizens Advisory Council shall be an independent  
10      advisory council administratively housed within the Department  
11      of Environmental Protection and shall consist of the Secretary  
12      of Environmental [Resources] Protection who shall serve in an ex  
13      officio capacity, six members who shall be appointed by the  
14      Governor, no more than three of whom shall be of the same  
15      political party, six members who shall be appointed by the  
16      President Pro Tempore of the Senate, no more than three of whom  
17      shall be of the same political party, and six members who shall  
18      be appointed by the Speaker of the House of Representatives no  
19      more than three of whom shall be of the same political party.  
20      The appointed members of the council shall be citizens of the  
21      State, who, during their respective terms, shall hold no other  
22      State office to which any salary is attached except that of  
23      membership on the Environmental Quality Board.

24      The term of office of each appointed member shall be three  
25      years, measured from the third Tuesday of January of the year in  
26      which he takes office, or until his successor has been  
27      appointed; except that in the initial appointments of the  
28      members of the council, the respective appointing authorities  
29      shall appoint two members for terms of one year each, two  
30      members for terms of two years each, and two members for terms

1 of three years each.

2 The Citizens Advisory Council shall include persons  
3 knowledgeable in fields related to the work of the Department of  
4 Environmental Resources such as, but not limited to, ecology,  
5 limnology, toxicology, pharmacology, organiculture, and  
6 industrial technology.

7 The council shall annually elect one of its appointed members  
8 as chairman and shall elect a secretary who need not be a member  
9 of the council. Meetings of the council shall be held at least  
10 quarterly or at the call of the chairman.

11 The council shall have the sole power to employ and fix the  
12 compensation of an executive director and such experts,  
13 stenographers, and assistants as may be deemed necessary to  
14 carry out the work of the council, but due diligence shall be  
15 exercised by the council to enlist such voluntary assistance as  
16 may be available from citizens, research organizations, and  
17 other agencies in Pennsylvania or elsewhere, generally  
18 recognized as qualified to aid the council.

19 Section ~~4.2~~ 2. Section 614-A(13)(iii) of the act, amended <--  
20 July 1, 1990 (P.L.277, No.67), is amended to read:

21 Section 614-A. Liquor Control Board.--The Pennsylvania  
22 Liquor Control Board is authorized to charge fees for the  
23 following purposes and in the following amounts:

24 \* \* \*

25 (13) Distillery of historical significance:

26 \* \* \*

27 (iii) License fee (prorated quarterly)..... [5,400.00]  
28 1,200.00

29 \* \* \*

30 Section 3. ~~The act is amended by adding a section to read:~~ <--

1 ~~Section 2802.1. Transportation Network Companies. (a)~~  
2 ~~Notwithstanding any law to the contrary, a certificate of public~~  
3 ~~convenience for experimental service granted by the Public~~  
4 ~~Utility Commission to allow for the provisions of service by a~~  
5 ~~transportation network company shall continue in effect under~~  
6 ~~the terms and conditions of the commission's orders granting the~~  
7 ~~certificate of public convenience until the effective date of~~  
8 ~~legislation adopted to regulate the provisions of these~~  
9 ~~services.~~

10 ~~(b) A transportation network company operating pursuant to a~~  
11 ~~certificate of public convenience issued by the commission may~~  
12 ~~operate in all municipalities in this Commonwealth, including a~~  
13 ~~city of the first class.~~

14 ~~(c) All operations in this Commonwealth of a transportation~~  
15 ~~network company under this section shall be subject to the terms~~  
16 ~~and conditions of the certificate of public convenience for~~  
17 ~~experimental service issued by the commission, including the~~  
18 ~~authority to impose penalties or suspend, revoke or rescind a~~  
19 ~~license for failure to comply with the provisions of the~~  
20 ~~certificate.~~

21 ~~(d) A parking authority of a city of the first class may~~  
22 ~~adopt reasonable regulations relating to enforcement under this~~  
23 ~~section that do not impose additional burdens on the~~  
24 ~~transportation network company and are consistent with those~~  
25 ~~imposed by the commission on transportation network companies~~  
26 ~~under the certificate of public convenience. A transportation~~  
27 ~~network company driver operating in a city of the first class~~  
28 ~~may not solicit or accept a prearranged ride at any of the~~  
29 ~~following locations:~~

30 ~~(1) A designated taxi stand, no stopping or standing zone or~~

~~1 other area where a personal vehicle may not enter at an  
2 international airport owned by the city of the first class and  
3 located in whole or in part in the city of the first class.~~

~~4 (2) A designated taxi stand, no stopping or standing zone or  
5 other area where a personal vehicle may not enter at a train  
6 station owned by AMTRAK located in the city of the first class.~~

~~7 (3) Organized lines of taxis at hotels utilized to provide  
8 services to patrons and visitors at the hotel.~~

~~9 (4) The following shall apply to a city of the first class:~~

~~10 (i) The authority may issue an order to a transportation  
11 network company requiring disqualification of a driver from  
12 being a transportation network company driver if during any  
13 three year period the driver commits five or more violations of  
14 the regulations promulgated under this section.~~

~~15 (ii) An authority directive to the transportation network  
16 company to disqualify a driver from being a transportation  
17 network company driver may occur only after the filing and  
18 adjudication of a formal complaint pursuant to 52 Pa. Code Ch.  
19 1005 (relating to formal proceedings), by which the  
20 transportation network company shall be afforded full due  
21 process, including notice and opportunity to be heard.~~

~~22 (iii) The authority may adopt regulations to allow  
23 reinstatement of a driver following an appropriate  
24 disqualification period and compliance with any conditions  
25 imposed by the authority.~~

~~26 (iv) The authority may only confiscate the vehicle of a  
27 driver if the driver continues to provide service while  
28 disqualified or following suspension or revocation of a  
29 transportation network company's license by the commission.~~

~~30 (e) A transportation network company operating in a city of~~

~~1 the first class shall pay to the city's parking authority an  
2 amount equal to one per cent (1%) of the gross receipts from all  
3 fares charged to all passengers for prearranged rides that  
4 originate in the city of the first class. The amount assessed  
5 shall be remitted on a quarterly basis and deposited into a  
6 restricted receipts account in the State Treasury. The Treasurer  
7 shall, beginning January 1, 2016, distribute sixty six and  
8 sixty seven hundredths per cent (66.67%) to a school district of  
9 the first class and thirty three and three tenths per cent  
10 (33.3%) to the parking authority of the city of the first class  
11 on a quarterly basis.~~

~~12 (f) For the purpose of this section, a transportation  
13 network company shall mean a motor carrier service that uses an  
14 online application, software or Internet website to provide  
15 prearranged rides to passengers.~~

~~16 (g) This section shall expire December 31, 2016. (RESERVED). <--~~

17 Section 4. The act is amended by adding an article to read:

18 ARTICLE XXVIII-D

19 RACE HORSE INDUSTRY REFORM

20 (a) Preliminary Provisions

21 Section 2801-D. Definitions.

22 The following words and phrases when used in this article  
23 shall have, unless the context clearly indicates otherwise, the  
24 meanings given to them in this section:

25 "Account." An account for account wagering with a specific  
26 identifiable record of deposits, wagers and withdrawals  
27 established by an account holder and managed by the licensed  
28 racing entity or secondary pari-mutuel organization.

29 "Account holder." An individual who successfully completed  
30 an application and for whom the licensed racing entity or



1 secondary pari-mutuel organization has opened an account.

2 "Advance deposit account wagering system." A system by which  
3 wagers are debited and payouts are credited to an advance  
4 deposit account held by a licensed racing entity or secondary  
5 pari-mutuel organization on behalf of a person.

6 "Applicant." A person who, on his own behalf or on behalf of  
7 another, is applying for permission to engage in an act or  
8 activity which is regulated under the provisions of this  
9 article. If the applicant is a person other than an individual,  
10 the commission shall determine the associated persons whose  
11 qualifications are necessary as a precondition to the licensing  
12 of the applicant.

13 "Backside area." An area of the racetrack enclosure that is  
14 not generally accessible to the public and which includes, but  
15 is not limited to, a facility commonly referred to as a barn,  
16 paddock enclosure, track kitchen, recreation hall, backside  
17 employee quarters and training track, and roadways providing  
18 access to the area. The term does not include an area of the  
19 racetrack enclosure which is generally accessible to the public,  
20 including the various buildings commonly referred to as the  
21 grandstand or the racing surface and walking ring.

22 "Breakage." The odd cents of redistributions to be made on  
23 contributions to pari-mutuel pools exceeding a sum equal to the  
24 next lowest multiple of ten.

25 "Clean letter of credit." A letter of credit which is  
26 available to the beneficiary against presentation of only a  
27 draft or receipt.

28 "Commission." The State Horse Racing Commission.

29 "Commissioner." An individual appointed to and sworn in as a  
30 member of the commission in accordance with section 2811-D(b).

1 "Conviction." A finding of guilt or a plea of guilty or nolo  
2 contendere, whether or not a judgment of sentence has been  
3 imposed as determined by the law of the jurisdiction in which  
4 the prosecution was held. The term does not include a conviction  
5 that has been expunged or overturned or for which an individual  
6 has been pardoned or an order of accelerated rehabilitative  
7 disposition.

8 "Electronic wagering." A method of placing or transmitting a  
9 legal wager by an individual in this Commonwealth through  
10 telephone, electromechanical, computerized system or any other  
11 form of electronic media approved by the commission and accepted  
12 by a secondary pari-mutuel organization or a licensed racing  
13 entity or the licensed racing entity's approved off-track  
14 betting system located in this Commonwealth.

15 "Evergreen clause." A term in a letter of credit providing  
16 for automatic renewal of the letter of credit.

17 "Ex parte communication." An off-the-record communication  
18 engaged in or received by a commissioner of the commission  
19 regarding the merits of, or any fact in issue relating to, a  
20 pending matter before the commission or which may reasonably be  
21 expected to come before the commission in a contested on-the-  
22 record proceeding. The term shall not include:

23 (1) An off-the-record communication by a commissioner,  
24 the Department of Revenue, Pennsylvania State Police,  
25 Attorney General or other law enforcement official, prior to  
26 the beginning of the proceeding solely for the purpose of  
27 seeking clarification or correction to evidentiary materials  
28 intended for use in the proceedings.

29 (2) A communication between the commission or a  
30 commissioner and legal counsel.

1 "Felony." An offense under the laws of this Commonwealth or  
2 the laws of another jurisdiction, punishable by imprisonment for  
3 more than five years.

4 "Financial interest." An ownership, property, leasehold or  
5 other beneficial interest in an entity. The term shall not  
6 include an interest which is held or deemed to be held in any of  
7 the following:

8 (1) Securities that are held in a pension plan, profit-  
9 sharing plan, individual retirement account, tax-sheltered  
10 annuity, a plan established under section 457 of the Internal  
11 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 457), or  
12 any successor provision, deferred compensation plan whether  
13 qualified or not qualified under the Internal Revenue Code of  
14 1986, or any successor provision or other retirement plan  
15 that:

16 (i) Is not self-directed by the individual.

17 (ii) Is advised by an independent investment adviser  
18 who has sole authority to make investment decisions with  
19 respect to contributions made by the individual to these  
20 plans.

21 (2) A tuition account plan organized and operated under  
22 section 529 of the Internal Revenue Code of 1986 that is not  
23 self-directed by the individual.

24 (3) A mutual fund where the interest owned by the mutual  
25 fund in a licensed racing entity does not constitute a  
26 controlling interest as defined in 4 Pa.C.S. § 1103 (relating  
27 to definitions).

28 "Horse race meeting." A specified period and dates each year  
29 during which a licensed racing entity is authorized to conduct  
30 live racing or pari-mutuel wagering as approved by the

1 commission.

2 "Horse racing." Standardbred horse racing and thoroughbred  
3 horse racing.

4 "Horsemen's organization." A trade association which  
5 represents the majority of owners and trainers who own and race  
6 horses at a racetrack.

7 "Immediate family." A spouse, parent, brother, sister or  
8 child.

9 "Irrevocable clean letter of credit." A clean letter of  
10 credit which cannot be canceled or amended unless there is an  
11 agreement to cancel or amend among all parties to the letter of  
12 credit.

13 "Land mile." A unit of distance equal to 1,609.3 meters or  
14 5,280 feet, as measured in a straight line.

15 "Licensed racing entity." Any person that has obtained a  
16 license to conduct live thoroughbred or harness horse race  
17 meetings respectively with pari-mutuel wagering from the  
18 commission.

19 "Licensee." The holder of a license issued under this  
20 article.

21 "Nominal change in ownership." The sale, pledge,  
22 encumbrance, execution of an option agreement or other transfer  
23 of less than 5% of the equity securities or other ownership  
24 interest of a person whose percentage ownership does not affect  
25 the decisions of the licensed racing entity.

26 "Nonprimary location." Any facility in which pari-mutuel  
27 wagering is conducted by a licensed racing entity pursuant to  
28 this article other than the racetrack where live racing is  
29 conducted.

30 "Ownership interest." Owning or holding, or being deemed to

1 hold, debt or equity securities or other ownership interest or  
2 profit interest.

3 "Pari-mutuel wagering." A form of wagering, including  
4 manual, electronic, computerized and other forms as approved by  
5 the commission, on the outcome of a horse racing event in which  
6 all wagers are pooled and held by a licensed racing entity or  
7 secondary pari-mutuel organization for distribution of the total  
8 amount, less the deductions authorized by law, to holders of  
9 winning tickets.

10 "Person." Any natural person, corporation, foundation,  
11 organization, business trust, estate, limited liability company,  
12 license corporation, trust, partnership, limited liability  
13 partnership, association or any other form of legal business  
14 entity.

15 "Primary market area of a racetrack." The land area included  
16 in a circle drawn with the racetrack as the center and a radius  
17 of 35 land miles.

18 "Principal." Any of the following individuals associated  
19 with a partnership, trust association, limited liability company  
20 or corporation:

21 (1) The chairman and each member of the board of  
22 directors of a corporation.

23 (2) Each partner of a partnership and each participating  
24 member of a limited liability company.

25 (3) Each trustee and trust beneficiary of an  
26 association.

27 (4) The president or chief executive officer and each  
28 other officer, manager and employee who has policy-making or  
29 fiduciary responsibility within the organization.

30 (5) Each stockholder or other individual who owns, holds

1 or controls, either directly or indirectly, 5% or more of  
2 stock or financial interest in the collective organization.

3 (6) Any other employee, agent, guardian, personal  
4 representative, lender or holder of indebtedness who has the  
5 power to exercise a significant influence over the  
6 applicant's or licensee's operation.

7 "Racetrack." The physical facility where a licensed racing  
8 entity conducts thoroughbred or standardbred HORSE race meetings <--  
9 respectively with pari-mutuel wagering.

10 "Racetrack enclosure." For purposes of this article, the  
11 term "racetrack enclosure," with respect to each licensed racing  
12 entity, shall be deemed to include at least one primary  
13 racetrack location at which horse race meetings authorized to be  
14 held by the licensed racing entities are conducted, including  
15 the grandstand, frontside and backside facilities and all  
16 primary, nonprimary, contiguous and noncontiguous locations of  
17 the licensed racing entity which are specifically approved by  
18 the commission for conducting the pari-mutuel system of wagering  
19 on the results of horse racing held at such meetings or race  
20 meetings conducted by another licensed racing entity or  
21 transmitted to such locations by simulcasting.

22 "Racing vendor." A person who provides goods or services to  
23 a licensed racing entity directly related to racing or the  
24 racing product, as determined by the commission.

25 "Secondary market area of a racetrack." The land area  
26 included in a circle drawn with the racetrack as the center and  
27 a radius of 50 land miles, not including the primary market area  
28 of the racetrack.

29 "Secondary pari-mutuel organization." A licensed entity,  
30 other than a licensed racing entity, that offers and accepts

1 pari-mutuel wagers. A person or entity that provides to a  
2 licensed racing entity hardware, software, equipment, content or  
3 services used to manage, conduct, operate or record pari-mutuel  
4 wagering activity by or from residents of this Commonwealth  
5 shall not be deemed to be a secondary pari-mutuel organization  
6 solely by virtue of the provision of the assets or services.

7 "Simulcast." Live video and audio transmission of a race and  
8 pari-mutuel information for the purpose of pari-mutuel wagering  
9 at locations other than the racetrack where the race is run.

10 "Standardbred horse racing" or "harness racing." A form of  
11 horse racing in which the horses participating are attached "in  
12 harness" to a sulky or other similar vehicle, at a specific  
13 gait, either a trot or pace.

14 "Substantial change in ownership." The sale, pledge,  
15 encumbrance, execution of an option agreement or another  
16 transfer of 5% or more of the equity securities or other  
17 ownership interest of a person whose percentage ownership  
18 affects the decisions of the licensed racing entity.

19 "Thoroughbred horse racing." The form of horse racing in  
20 which each participating horse is mounted by a jockey, is duly  
21 registered with The Jockey Club of New York and engages in horse  
22 racing on the flat, which may include a steeplechase or hurdle  
23 race.

24 "Totalisator." A computer system used to pool wagers, record  
25 sales, calculate payoffs and display wagering data on a display  
26 device that is located at a pari-mutuel facility or nonprimary  
27 location.

28 (b) Racing Oversight  
29 Section 2811-D. State Horse Racing Commission.

30 (a) Establishment.--The State Horse Racing Commission is

1 established as a commission within the Department of Agriculture  
2 to independently regulate the operations of horse racing, the  
3 conduct of pari-mutuel wagering and the promotion and marketing  
4 of horse racing in this Commonwealth in accordance with this  
5 article.

6 (b) Membership.--The commission shall consist of the  
7 following members:

8 (1) Four members appointed by the Governor as follows:

9 (i) One individual representing the thoroughbred  
10 horsemen's organizations in this Commonwealth, selected  
11 from a list of at least 10 qualified individuals  
12 submitted by the thoroughbred horsemen's organizations.

13 (ii) One individual representing a thoroughbred  
14 breeder organization in this Commonwealth, selected from  
15 a list of at least 10 qualified individuals submitted by  
16 a thoroughbred breeder organization.

17 (iii) One individual representing the standardbred  
18 horsemen's organizations in this Commonwealth, selected  
19 from a list of at least 10 qualified individuals  
20 submitted by the standardbred horsemen's organizations.

21 (iv) One individual representing a standardbred  
22 breeder organization in this Commonwealth, selected from  
23 a list of at least 10 qualified individuals submitted by  
24 a standardbred breeder organization.

25 (2) One member appointed by each of the following, none  
26 of whom shall be a member of a horsemen's organization or  
27 breeder organization:

28 (i) The President pro tempore of the Senate.

29 (ii) The Minority Leader of the Senate.

30 (iii) The Speaker of the House of Representatives.



1           (iv) The Minority Leader of the House of  
2           Representatives.

3           (3) The Secretary of Agriculture or the secretary's  
4           designee, who shall be a nonvoting ex officio member.

5           (4) One individual who is a licensed doctor of  
6           veterinary medicine in this Commonwealth, who shall not be a  
7           member of a horsemen's organization or breeder organization,  
8           appointed by the Governor.

9           (5) Each appointing authority shall make its  
10          appointments within 30 days of the effective date of this  
11          section. Appointments to fill a vacancy shall be made within  
12          10 days of the creation of the vacancy. An appointment shall  
13          not be final until receipt by the appointing authority of a  
14          background investigation of the appointee by the Pennsylvania  
15          State Police, which shall be completed within 30 days of the  
16          appointment. A person who has been convicted in a domestic or  
17          foreign jurisdiction of a felony, infamous crime, gambling  
18          offense or an offense related to fixing horse races or animal  
19          cruelty may not be appointed to the commission.

20          (6) The following shall apply to appointees,  
21          commissioners, employees and independent contractors:

22           (i) Each commissioner at the time of appointment  
23           must be at least 25 years of age and must have been a  
24           resident of this Commonwealth for a period of at least  
25           one year immediately preceding appointment. Each  
26           commissioner must remain a resident of this Commonwealth  
27           during the term of membership on the commission.

28           (ii) Except for the commissioner appointed under  
29           paragraph (3), a person may not be appointed a  
30           commissioner if the person is a public official or party

1 officer as defined in 4 Pa.C.S. § 1512 (relating to  
2 financial and employment interests) in this Commonwealth  
3 or any of its political subdivisions.

4 (iii) Each commissioner, employee and independent  
5 contractor of the commission must sign an agreement not  
6 to disclose confidential information.

7 (iv) Except for a commissioner appointed under  
8 paragraph (1), a commissioner, employee or independent  
9 contractor of the commission or other agency having  
10 regulatory authority over horse racing under this article  
11 may not be employed, hold an office or position or be  
12 engaged in an activity which is incompatible with the  
13 position, employment or contract.

14 (v) A commissioner may not be paid or receive a fee  
15 or other compensation for any activity related to the  
16 duties or authority of the commission other than  
17 compensation and expenses provided by law.

18 (vi) A commissioner, employee or independent  
19 contractor of the commission may not participate in a  
20 hearing, proceeding or other matter in which the member,  
21 employee or independent contractor, or the immediate  
22 family thereof, has a financial interest in the subject  
23 matter of the hearing or proceeding or other interest  
24 that could be substantially affected by the outcome of  
25 the hearing or proceeding without first fully disclosing  
26 the nature of the interest to the commission and other  
27 persons participating in the hearing or proceeding. The  
28 commission shall determine if the interest is a  
29 disqualifying interest that requires the disqualification  
30 or nonparticipation of a commissioner, an employee or

1 independent contractor.

2 (vii) At the time of appointment and annually  
3 thereafter, each commissioner shall disclose the  
4 existence of any financial interest in any applicant or  
5 licensed racing entity and in an affiliate, intermediary,  
6 subsidiary or holding company thereof held by the  
7 commissioner or known to be held by a commissioner's  
8 immediate family. The disclosure statement shall be filed  
9 with each director established under subsection (d)(2)  
10 and with the appointing authority for such commissioner  
11 and shall be open to inspection by the public at the  
12 office of the commission during the normal business hours  
13 of the commission and posted on the commission's Internet  
14 website for the duration of a commissioner's term and for  
15 two years after a commissioner leaves office.

16 (viii) (Reserved).

17 (ix) A commissioner, employee or bureau director of  
18 the commission may not directly or indirectly solicit,  
19 request, suggest or recommend to any applicant, licensed  
20 racing entity, ~~licensed gaming entity~~ or an affiliate, <--  
21 intermediary, subsidiary or holding company thereof or to  
22 an employee or agent thereof, the appointment or  
23 employment of any person in any capacity by the  
24 applicant, licensed racing entity, ~~licensed gaming entity~~ <--  
25 or an affiliate, intermediary, subsidiary or holding  
26 company thereof during the term of office or employment  
27 with the commission.

28 (x) Except for a commissioner appointed under  
29 paragraph (1), a commissioner may not accept employment  
30 with an applicant for a horse racing license, a licensed

1 racing entity, or an affiliate, intermediary, subsidiary  
2 or holding company thereof, for a period of two years  
3 from the termination of term of office.

4 (xi) A former commissioner may not appear before the  
5 commission in any hearing or proceeding or participate in  
6 any other activity on behalf of any applicant for a horse  
7 racing license, a licensed racing entity, or an  
8 affiliate, intermediary, subsidiary or holding company of  
9 an applicant or licensed racing entity for a period of  
10 two years from the termination of term of office.

11 (xii) A commissioner or employee of the commission  
12 may not accept a complimentary service, place a wager or  
13 be paid any prize from any wager on a horse race at a  
14 racetrack or nonprimary location within this Commonwealth  
15 or at any other racetrack or nonprimary location outside  
16 this Commonwealth which is owned or operated by a  
17 licensed racing entity or any of its affiliates,  
18 intermediaries, subsidiaries or holding companies for the  
19 duration of the commissioner's or employee's term of  
20 office or employment. Nothing in this section shall be  
21 construed to prohibit a commissioner appointed under  
22 paragraph (1) from being awarded a purse or breeders'  
23 award for the commissioner's participation in horse  
24 racing.

25 (xiii) A commissioner who has been convicted during  
26 his term of office in a domestic or foreign jurisdiction  
27 of a felony, infamous crime, offense related to fixing or  
28 rigging horse races or gambling offense shall, upon  
29 conviction, be automatically removed from the commission  
30 and shall be ineligible to become a commissioner in the

1 future.

2 (xiv) The following shall apply to an employee of  
3 the commission, who is not subject to a collective  
4 bargaining agreement, whose duties substantially involve  
5 licensing, enforcement, development of law, promulgation  
6 of regulations or development of policy, relating to  
7 horse racing under this article or who has other  
8 discretionary authority which may affect or influence the  
9 outcome of an action, proceeding or decision under this  
10 article, including the director of a bureau:

11 (A) The individual may not, for a period of two  
12 years following termination of employment, accept  
13 employment with or be retained by an applicant for a  
14 horse racing license or a licensed racing entity or  
15 by an affiliate, intermediary, subsidiary or holding  
16 company of an applicant or a licensed racing entity.

17 (B) The individual may not, for a period of two  
18 years following termination of employment, appear  
19 before the commission in a hearing or proceeding or  
20 participate in activity on behalf of any applicant,  
21 licensee or licensed racing entity or on behalf of an  
22 affiliate, intermediary, subsidiary or holding  
23 company of any applicant, licensee or licensed racing  
24 entity.

25 (C) This subparagraph shall not apply to an  
26 employee subject to the jurisdiction of the  
27 Pennsylvania Supreme Court under section 10(c) of  
28 Article V of the Constitution of Pennsylvania.

29 (xv) Nothing under subparagraph (xiv) shall prevent  
30 a current or former employee of the commission from

1 appearing before the commission in a hearing or  
2 proceeding as a witness or testifying as to a fact or  
3 information.

4 (xvi) The State Ethics Commission shall issue a  
5 written determination of whether a person is subject to  
6 subparagraph (xiv) upon the written request of the person  
7 or the person's employer or potential employer. A person  
8 that relies in good faith on a determination issued under  
9 this paragraph shall not be subject to any penalty for an  
10 action taken, if all material facts set forth in the  
11 request for the determination are correct.

12 (xvii) The State Ethics Commission shall publish a  
13 list of all employment positions within the commission  
14 whose duties would subject the individuals in those  
15 positions to the provisions of subparagraph (xiv). The  
16 commission shall assist the State Ethics Commission in  
17 the development of the list, which shall be published by  
18 the State Ethics Commission in the Pennsylvania Bulletin  
19 biennially and posted by the commission on the  
20 commission's Internet website. Upon request, employees of  
21 the commission shall have a duty to provide the State  
22 Ethics Commission with adequate information to accurately  
23 develop and maintain the list. The State Ethics  
24 Commission may impose a civil penalty under 65 Pa.C.S. §  
25 1109(f) (relating to penalties) upon an individual who  
26 fails to cooperate with the State Ethics Commission under  
27 this subparagraph. An individual who relies in good faith  
28 on the list published by the State Ethics Commission  
29 shall not be subject to any penalty for a violation of  
30 subparagraph (xiv).

1           (xviii) A commissioner may not solicit, request,  
2           suggest or recommend the employment by the commission of  
3           an immediate family member.

4           (xix) If a commissioner violates any provision of  
5           this section, the appointing authority may remove the  
6           person from the commission. A commissioner removed under  
7           this paragraph shall, for a period of five years  
8           following removal, be prohibited from future appointment  
9           to the commission and shall be prohibited from applying  
10           for a license, ~~permit~~ or other authorization under this <--  
11           article and from becoming an independent contractor with  
12           the commission.

13           (xx) Except for a commissioner appointed under  
14           paragraph (1), a commissioner or employee of the  
15           commission may not directly or indirectly have an  
16           ownership interest in a race horse which is entered in a  
17           horse race meeting in this Commonwealth.

18           (7) A commissioner shall not be personally liable for  
19           any of the following:

20           (i) Obligations of the commission.

21           (ii) Actions which were within the scope of their  
22           office and made in good faith.

23           (b.1) Initial appointments to commission.--

24           (1) Appointees initially appointed under subsection (b)  
25           shall serve an initial term of two years and until their  
26           successors are appointed and qualified.

27           (2) An appointment to fill a vacancy created by a  
28           commissioner appointed in accordance with paragraph (1) shall  
29           be for the remainder of the unexpired term.

30           (b.2) Terms of office.--Upon the expiration of a term of a

1 commissioner appointed under subsections (b) and (b.1), the  
2 following shall apply:

3 (1) The term of office of a gubernatorial appointee  
4 shall be three years and until a successor is appointed and  
5 qualified.

6 (2) The term of office of a legislative appointee shall  
7 be two years and until a successor is appointed and  
8 qualified.

9 (3) A legislative appointee shall serve no more than  
10 three full consecutive terms.

11 (4) A gubernatorial appointee shall serve no more than  
12 two full consecutive terms.

13 (5) An appointment to fill a vacancy shall be for the  
14 remainder of the unexpired term.

15 (6) A commissioner appointed to fill a vacancy under  
16 paragraph (3) may serve three full terms following the  
17 expiration of the term related to the vacancy.

18 (7) A commissioner appointed to fill a vacancy under  
19 paragraph (4) may serve two full terms following the  
20 expiration of the term related to the vacancy.

21 (c) Chairperson.--The governor shall appoint the chairperson  
22 of the commission.

23 (c.1) Compensation.--Commissioners shall be reimbursed for  
24 documented expenses incurred in the performance of their  
25 official duties and except for commissioners appointed under  
26 subsection (b) (3), commissioners shall be paid ~~\$300~~ \$150 per <--  
27 diem.

28 (c.2) Meetings.--The commission shall meet at least once a  
29 month and at other times as the commission chairperson deems  
30 necessary. Public notice of the time and place of meetings of



1 the commission shall be given in accordance with 65 Pa.C.S. Ch.  
2 7 (relating to open meetings).

3 (d) Office of Horse Racing.--There is hereby established  
4 within the commission an Office of Horse Racing.

5 (1) The office shall be comprised of the following:

6 (i) The Bureau of Thoroughbred Horse Racing shall  
7 have oversight over the conduct of thoroughbred horse  
8 racing in this Commonwealth.

9 (ii) The Bureau of Standardbred Horse Racing shall  
10 have oversight over the conduct of standardbred horse  
11 racing in this Commonwealth.

12 (2) There shall be a Director of the Bureau of  
13 Thoroughbred Horse Racing and a director of the Bureau of  
14 Standardbred Horse Racing to serve and report to the  
15 commission. The director of each bureau shall not be  
16 supervised by the Department of Agriculture. The commission  
17 shall assign the directors duties and responsibilities as  
18 required to fulfill the commission's obligations under this  
19 ARTICLE or any other act. The commission may, by order, <--  
20 delegate duties and responsibilities to the bureau director  
21 as the commission determines necessary to discharge the day-  
22 to-day licensing, enforcement and administrative operations  
23 of the commission. The director of each bureau established in  
24 this section must meet all of the following requirements:

25 (i) Has either:

26 (A) been certified as a racing official; or

27 (B) has at least five years' experience in the  
28 management of a licensed racing entity or equivalent  
29 racing experience.

30 (ii) Any other criteria established by the

1           commission.

2           (3) Each bureau established under this subsection shall  
3 have the following powers and duties:

4           (i) Evaluate and review all applicants and  
5 applications for a thoroughbred horse racing or  
6 standardbred horse racing license. A bureau under this  
7 section shall be prohibited from disclosing any portion  
8 of an evaluation to a commissioner prior to the decision  
9 relating to the applicant's suitability for licensure by  
10 the commission.

11           (ii) Inspect and monitor licensees and other persons  
12 regulated under this article for noncriminal violations,  
13 including potential violations referred to either bureau  
14 by the commission or other person.

15           (iii) Monitor horse racing operations to ensure  
16 compliance with this article.

17           (iv) Inspect and examine licensed racing entities  
18 and racetrack facilities.

19           (A) Inspections may include the review and  
20 reproduction of any document or record.

21           (B) Examinations may include the review of  
22 accounting, administrative and financial records,  
23 management control systems, procedures and other  
24 records.

25           (v) Refer possible criminal violation to law  
26 enforcement.

27           (vi) Cooperate in the investigation and prosecution  
28 of any criminal violation.

29           (vii) Issue administrative subpoenas to effectuate  
30 an inspection and review under this paragraph, administer

1 oaths and take testimony as necessary for the  
2 administration of this article.

3 (e) Jurisdiction.--The commission shall have jurisdiction  
4 and regulatory authority over the following:

5 (1) Pari-mutuel wagering and other horse racing  
6 activities in this Commonwealth.

7 (2) A licensed person engaged in pari-mutuel horse  
8 racing activities.

9 (3) Out-of-competition drug testing, which shall include  
10 the random drug testing of any horse entered in a race,  
11 notwithstanding the physical location of the horse, stabled  
12 on the grounds or shipped into a licensed racing entity's  
13 facility.

14 (4) The conduct of horse racing in this Commonwealth.

15 (f) Voting.--

16 (1) Except as otherwise provided in this subsection,  
17 actions of the commission shall be subject to a simple  
18 majority vote of the commission.

19 (2) A qualified majority vote consisting of the two  
20 commissioners appointed under subsection (b)(1)(i) and (ii)  
21 and as many votes of the remaining voting commissioners as  
22 necessary to constitute a majority of those commissioners  
23 voting shall be required to:

24 (i) Approve, issue, deny or condition a license to  
25 conduct thoroughbred horse ~~racing~~ RACE meetings under <--  
26 section 2818-D.

27 (ii) Adopt regulations governing thoroughbred horse  
28 ~~racing~~ RACE meetings and ~~regulations governing medication~~ <--  
29 under this section.

30 (iii) Employ a director of the Bureau of

1 Thoroughbred Horse Racing under subsection (d)(2).

2 (3) A qualified majority vote consisting of the two  
3 commissioners appointed under subsection (b)(1)(iii) and (iv)  
4 and as many votes of the remaining voting commissioners as  
5 necessary to constitute a majority of those commissioners  
6 voting shall be required to:

7 (i) Approve, issue, deny or condition a license to  
8 conduct standardbred horse ~~racing~~ RACE meetings under <--  
9 section 2818-D.

10 (ii) Adopt rules and regulations governing  
11 standardbred horse ~~racing~~ RACE meetings and ~~regulations~~ <--  
12 ~~governing medication~~ under this section.

13 (iii) Employ a director of the Bureau of  
14 Standardbred Horse Racing under subsection (d)(2).

15 (4) Commissioners appointed under subsection (b)(1)(i)  
16 and (ii) shall be disqualified and must abstain from voting  
17 on any matter under paragraph (3).

18 (5) Commissioners appointed under subsection (b)(1)(iii)  
19 and (iv) shall be disqualified and must abstain from voting  
20 on any matter under paragraph (2).

21 (6) If one or more appointees under subsection (b)(1) is  
22 not participating in voting on any matter upon which they are  
23 otherwise eligible to vote under paragraph (2) or (3), the  
24 qualified majority shall consist of the remaining appointee  
25 under the respective subparagraph of subsection (b)(1)  
26 pursuant to which the nonparticipating commissioner has been  
27 appointed, if any, and as many commissioners as necessary to  
28 constitute a majority of those commissioners voting.

29 (g) Records.--The commission shall maintain at its office  
30 the following:

1       (1) All documents, digital or nondigital, provided to or  
2 filed with the commission relating to the regulation of horse  
3 racing and pari-mutuel wagering under this article. The  
4 commission may accept digital signatures on documents  
5 provided or filed and documents may be designated as  
6 confidential in accordance with commission policy.

7       (2) A docket setting forth the names of all stockholders  
8 in a licensed racing entity. The docket shall be available  
9 for public inspection during normal business hours of the  
10 commission.

11       (3) The number of shares held by each stockholder.

12       (4) A complete record of proceedings of the commission  
13 relating to horse racing and pari-mutuel wagering.

14       (h) Rules and regulations.--The following shall apply:

15       (1) All rules and regulations promulgated under the  
16 former act of December 11, 1967 (P.L.707, No.331), referred  
17 to as the Pennsylvania Thoroughbred Horse Racing Law, or the  
18 former act of December 22, 1959 (P.L.1978, No.728), referred  
19 to as the Pennsylvania Harness Racing Law, shall remain in  
20 effect except to the extent that they are in direct conflict  
21 with this article. The commission may adopt, amend, revise or  
22 alter the rules and regulations as the commission deems  
23 necessary.

24       (2) The commission shall promulgate rules and  
25 regulations necessary for the administration and enforcement  
26 of this article. Except as provided in this paragraph and  
27 paragraph (3), regulations shall be promulgated in accordance  
28 with law.

29       (3) In order to facilitate the prompt implementation of  
30 this article, regulations promulgated by the commission shall

1 be deemed temporary regulations which shall not expire for a  
2 period of three years following publication. Temporary  
3 regulations shall not be subject to:

4 (i) Sections 201, 202, 203, 204 and 205 of the act  
5 of July 31, 1968 (P.L.769, No.240), referred to as the  
6 Commonwealth Documents Law.

7 (ii) The act of June 25, 1982 (P.L.633, No.181),  
8 known as the Regulatory Review Act.

9 (iii) Sections 204(b) and 301(10) of the act of  
10 October 15, 1980 (P.L.950, No.164), known as the  
11 Commonwealth Attorneys Act.

12 (4) The commission's authority to promulgate temporary  
13 regulations under paragraph (3) shall expire three years  
14 after the effective date of this section. Regulations adopted  
15 after this period shall be promulgated as provided by law.

16 (i) Application.--The commission shall develop an  
17 application for applicants seeking a license to conduct horse  
18 racing pursuant to this article.

19 (j) Licenses.--Each license to conduct horse racing or any  
20 other activity under this article issued prior to January 1,  
21 2017, shall remain in effect for the remainder of the term for  
22 which the license was issued unless revoked or suspended.  
23 Beginning January 1, 2017, a license shall be renewed or a new  
24 license shall be issued in accordance with this article.

25 (k) Report of commission.--Twelve months after the effective  
26 date of this section and every year on that date thereafter, the  
27 commission, through the Department of Agriculture, shall issue a  
28 report to the Governor and each member of the General Assembly  
29 on the general operation of the commission and each licensee's  
30 performance, including number and win per race and total gross

1 revenue at each facility of a licensed racing entity during the  
2 previous year, all taxes, fees, fines and other revenues  
3 collected and, where appropriate, disbursed, the costs of  
4 operation of the commission, all hearings conducted and the  
5 results of the hearings and other information that the  
6 commission deems necessary and appropriate. Notwithstanding any  
7 other reporting requirements in 4 Pa.C.S. § 1211 (relating to  
8 reports of board), the Pennsylvania Gaming Control Board and the  
9 Department of Agriculture must jointly submit the report under  
10 this subsection relating to racing on an annual basis.

11 (l) Record of proceedings.--The commission shall cause to be  
12 made and kept a record of all proceedings held at public  
13 meetings of the commission. A verbatim transcript of those  
14 proceedings shall be prepared by the commission upon the request  
15 of any person and the payment by that person of the costs of  
16 preparation.

17 (m) Public records.--The commission shall annually post on  
18 its Internet website, a list of all the itemized expenses of  
19 employees and commissioners that were or are to be reimbursed  
20 from the State Racing Fund. The list shall identify the nature  
21 of the expense, the employee, member or the agency and employee  
22 of the agency to which an expense is attributable. By October 1  
23 of each year, a final report of all expenses described in this  
24 subsection for the preceding fiscal year shall be posted on the  
25 commission's Internet website and shall be submitted to the  
26 Appropriations Committee of the Senate, the Agriculture and  
27 Rural Affairs Committee of the Senate, the Appropriations  
28 Committee of the House of Representatives and the Agriculture  
29 and Rural Affairs Committee of the House of Representatives.  
30 Information posted on the Internet website pursuant to this

1 subsection shall be financial records for the purposes of and  
2 subject to redaction under the Right-to-Know Law.

3 (n) Reimbursement.--The Department of Agriculture's  
4 provision of shared administrative services, shared staff and  
5 shared facilities to the commission must be reimbursed from the  
6 State Racing Fund and shall be limited to actual costs of  
7 providing the services, staff and facilities, including  
8 salaries, benefits and expenses of employees providing the  
9 shared administrative services. The Department of Agriculture  
10 must retain records regarding administrative shared services  
11 provided to the commission by a Department of Agriculture's  
12 employee.

13 Section 2812-D. Additional powers of commission.

14 The commission shall regulate horse racing at which pari-  
15 mutuel wagering is conducted and approve the number of racing  
16 days allocated to each licensed racing entity. In addition to  
17 any other powers of the commission:

18 (1) The commission shall promulgate regulations  
19 regarding medication rules as required under Subarticle E.

20 (2) The following shall apply:

21 (i) The commission shall require an applicant under  
22 this article to submit to fingerprinting for a report of  
23 Federal criminal history record information.

24 (ii) The applicant must submit a full set of  
25 fingerprints to the Pennsylvania State Police or the  
26 Pennsylvania State Police's authorized agent for the  
27 purpose or a record check. The Pennsylvania State Police  
28 or the Pennsylvania State Police's authorized agent must  
29 then submit the fingerprints to the Federal Bureau of  
30 Investigation for the purpose of verifying the identity



1 of the applicant and obtaining a current record of any  
2 criminal arrests and convictions.

3 (iii) The commission shall consider information  
4 obtained pursuant to this paragraph for the purpose of  
5 screening applicants for fitness for licensure in  
6 accordance with the provisions of this article.

7 (iv) National criminal history record information  
8 received by the commission shall be handled and  
9 maintained in accordance with Federal Bureau of  
10 Investigation policy.

11 (v) Fingerprints obtained under this paragraph may  
12 be maintained by the commission and Pennsylvania State  
13 Police to enforce this article and for general law  
14 enforcement purposes.

15 (vi) In addition to any other fee or cost assessed  
16 by the commission, an applicant must pay for the cost of  
17 the fingerprint process.

18 (vii) The commission may exempt applicants for  
19 positions not related to the care or training of horses,  
20 racing, wagering, security or the management of a  
21 licensed racing entity, from the provisions of this  
22 chapter ARTICLE.

<--

23 (3) Within 90 days of the effective date of this  
24 section, the commission must adopt and publish a  
25 comprehensive fee schedule in the Pennsylvania Bulletin. Two  
26 years following the effective date of this section, the  
27 commission may adopt regulations to annually increase any  
28 fee, charge or cost authorized under this article.

29 (4) The commission or designated employee of the  
30 commission shall have the power to administer oaths and

1 examine witnesses and may issue subpoenas to compel  
2 attendance of witnesses and production of all relevant and  
3 material reports, books, papers, documents, correspondence  
4 and other evidence related to regulation and enforcement of  
5 horse racing under this article.

6 (5) The commission's consideration and resolution of all  
7 license or other regulatory administrative actions shall be  
8 conducted in accordance with 2 Pa.C.S. (relating to  
9 administrative law and procedure) or with procedures adopted  
10 by order of the commission. Notwithstanding 2 Pa.C.S. §§ 504  
11 (relating to hearing and record) and 505 (relating to  
12 evidence and cross-examination), the commission may adopt  
13 procedures to provide parties before it with a documentary  
14 hearing and may resolve disputed material facts without  
15 conducting an oral hearing where constitutionally  
16 permissible.

17 (6) The commission may adopt national standards from  
18 other racing jurisdictions or commission-approved trade  
19 organizations to establish:

20 (i) uniform drug threshold levels;

21 (ii) consistent sanctions for drug testing  
22 violations; and

23 (iii) a system to monitor advanced deposit wagering  
24 and online pari-mutuel wagering company activities.

25 (7) The commission may issue grants from the annual  
26 appropriations to race horse rescue and rehabilitation  
27 programs operating within this Commonwealth.

28 (8) The commission shall direct and oversee that each  
29 licensed racing entity's racetrack surface is maintained in  
30 such a way as to maximize the safety of the horse, jockey or

1 driver. The commission may develop guidelines to carry out  
2 this paragraph and may contract with, hire or otherwise  
3 consult with racetrack surface experts to carry out the  
4 provisions of this section.

5 (9) The State Horse Racing Commission shall have  
6 jurisdiction over and shall promulgate regulations as  
7 necessary for the proper administration of all racing  
8 conducted by a county agricultural society or an independent  
9 agricultural society as provided in the act of July 8, 1986  
10 (P.L.437, No.92), known as the Pennsylvania Agricultural Fair  
11 Act.

12 Section 2813-D. Budget.

13 Beginning July 1, 2016, the commission and the Department of  
14 Agriculture shall annually submit a budget request to the  
15 Secretary of the Budget in accordance with the provisions  
16 contained in section 610, consisting of amounts to be  
17 appropriated from the State Racing Fund, the Pennsylvania Race  
18 Horse Development Fund and the General Fund to administer and  
19 enforce this article and for the promotion of horse racing.

20 Beginning July 1, 2016, and annually thereafter, 1% of the  
21 previous fiscal year's deposits into the Pennsylvania Race Horse  
22 Development Fund shall be ~~transferred~~ TRANSFERRED from the <--  
23 Pennsylvania Race Horse Development Fund to the State Racing  
24 Fund to provide for the promotion of horse racing.

25 Section 2814-D. Location.

26 After January 1, 2017, a licensed racing entity shall conduct  
27 a horse race meeting at the location designated and approved by  
28 the commission.

29 Section 2815-D. Number of licensed racing entities.

30 (a) Standardbred horse racing.--No more than five persons

1 shall be licensed to conduct a ~~race horse~~ HORSE RACE meeting. No <--  
2 person licensed under this article to conduct standardbred horse  
3 racing with pari-mutuel wagering shall be licensed to conduct  
4 thoroughbred horse racing with pari-mutuel wagering.

5 (b) Thoroughbred horse racing.--No more than six persons  
6 shall be licensed by the commission to conduct a ~~race horse~~ <--  
7 HORSE RACE meeting. No person licensed under this article to <--  
8 conduct thoroughbred horse racing with pari-mutuel wagering  
9 shall be licensed to conduct standardbred horse racing with  
10 pari-mutuel wagering.

11 Section 2816-D. Department of Revenue.

12 The Department of Revenue shall provide financial  
13 administration of pari-mutuel wagering under this article in  
14 accordance with Department of Revenue regulations and  
15 regulations of the commission. The Department of Revenue shall  
16 prescribe the form and system of accounting to be used by  
17 licensed racing entities, and may access and examine records,  
18 equipment and other information relating to pari-mutuel  
19 wagering.

20 Section 2817-D. Allocation of racing days.

21 (a) General rule.--

22 (1) Horse racing shall be conducted consistent with 4  
23 Pa.C.S. § 1303 (relating to additional Category 1 slot  
24 machine license requirements).

25 (2) The ~~provisions of~~ REQUIRED RACING DAYS UNDER this <--  
26 section and 4 Pa.C.S. § 1303 (a) (2) and (b) may be waived or  
27 modified by the commission if the waiver or modification has  
28 been agreed to by the horsemen's organization and the  
29 licensed racing entity at the racetrack where the racing days  
30 are to be scheduled or raced.

1       (3) The provisions of 4 Pa.C.S. § 1303(d) shall not  
2 apply if the reason for noncompliance with that section by a  
3 licensed racing entity is the cancellation of racing days due  
4 to the commission's inability to properly regulate and  
5 oversee the conduct of horse racing in this Commonwealth due  
6 to inadequate funding.

7       (b) Certification.--The commission shall submit to the  
8 Secretary of Revenue the approved number of racing days for each  
9 licensed racing entity, including the following information:

10       (1) the names and addresses of the licensed racing  
11 entity;

12       (2) the names and addresses of the owners, officers and  
13 general managers of the licensed racing entity; and

14       (3) any other information the commission deems  
15 appropriate.

16       (c) Cancellation.--

17       (1) If a racing day is canceled by a licensed racing  
18 entity for reasons beyond the licensed racing entity's  
19 control, the commission shall grant the licensed racing  
20 entity the right to conduct that racing day in the same or  
21 the next ensuing calendar year, if schedules permit.

22       (2) A director of a bureau established under section  
23 2811-D, after consultation with the licensed racing entity  
24 and the horsemen's organization at the racetrack, may cancel  
25 a race if it is determined that fewer than six horses have  
26 entered the race.

27 Section 2818-D. Licenses for horse race meetings.

28       (a) Procedure and terms.--

29       (1) After January 1, 2017, a person seeking a license to  
30 conduct horse race meetings at which pari-mutuel wagering is

1 permitted or seeking to renew the license, shall file an  
2 application or renewal application with the commission in the  
3 manner prescribed by the commission. A license to conduct  
4 horse race meetings shall be issued for a period of three  
5 years.

6 (2) A licensed racing entity shall have the privilege to  
7 conduct a horse race meeting at which pari-mutuel wagering is  
8 permitted. A license to conduct a horse race meeting shall  
9 not be a property right and may not be used as collateral or  
10 be encumbered.

11 (3) The commission may revoke or suspend the license of  
12 a licensed racing entity if the commission finds that the  
13 licensed racing entity, its owners, officers, managers or  
14 agents, have not complied with this article and regulations  
15 promulgated in accordance with this article.

16 (4) A licensed racing entity may not transfer a license  
17 without the approval of the commission.

18 (b) Conditions.--Each horse racing license shall be issued  
19 and remain in effect if the licensed racing entity complies with  
20 each condition, rule and regulation of the commission and the  
21 provisions of this article, including the following conditions:

22 (1) A horse race meeting at which pari-mutuel wagering  
23 is conducted shall be regulated by the commission.

24 (2) The conduct of pari-mutuel wagering shall also be  
25 regulated by the Department of Revenue.

26 (3) The licensed racing entity shall print in its racing  
27 programs the procedure for filing a complaint with the  
28 commission.

29 (c) Applications.--Applications to conduct horse race  
30 meetings shall be in the form prescribed by the commission and

1 shall contain information as the commission may require.

2 (d) Fee.--An applicant or licensee seeking to conduct a  
3 horse race meeting or seeking renewal of a license, shall pay to  
4 the commission a fee of \$50,000. Notwithstanding the foregoing,  
5 a licensed racing entity that holds more than one horse race  
6 meeting license shall pay no more than \$50,000 upon renewal of  
7 the licenses. The license or renewal fee shall be deposited into  
8 the State Racing Fund.

9 (e) Action on licenses.--The following shall apply:

10 (1) The commission shall be prohibited from issuing a  
11 license to conduct a horse race meeting at which pari-mutuel  
12 wagering is permitted to an individual or applicant or an  
13 owner, officer, director or manager of the applicant who has  
14 been convicted of:

15 (i) A felony in any jurisdiction.

16 (ii) A misdemeanor gambling offense in any  
17 jurisdiction, unless 15 years has elapsed from the date  
18 of conviction.

19 (iii) Fraud or misrepresentation in any jurisdiction  
20 related to horse racing or horse breeding, unless 15  
21 years has elapsed from the date of conviction.

22 (iv) An offense under 18 Pa.C.S. § 5511 (relating to  
23 cruelty to animals).

24 (v) An offense related to fixing or rigging horse  
25 racers, including 18 Pa.C.S. § 4109 (relating to rigging  
26 publicly exhibited contest) or 7102 (relating to  
27 administering drugs to race horses), or any similar crime  
28 in another jurisdiction, unless the conviction has been  
29 overturned on appeal under the laws of the jurisdiction  
30 of the original finding or a pardon has been issued.

1       (2) Following expiration of any period applicable to an  
2 applicant under paragraph (1)(ii) or (iii), in determining  
3 whether to issue a horse racing license to an applicant, the  
4 commission shall consider the following factors:

5           (i) The individual or a principal of the applicant's  
6 position with the applicant.

7           (ii) The nature and seriousness of the offense or  
8 conduct.

9           (iii) The circumstances under which the offense or  
10 conduct occurred.

11           (iv) The age of the applicant when the offense or  
12 conduct occurred.

13           (v) Whether the offense or conduct was an isolated  
14 or a repeated incident.

15           (vi) Any evidence of rehabilitation, including good  
16 conduct in the community, counseling or psychiatric  
17 treatment received and the recommendations of persons who  
18 have substantial contact with the applicant.

19       (3) If, in the judgment of the commission, the applicant  
20 has demonstrated by clear and convincing evidence that the  
21 participation of the applicant in horse racing or related  
22 activities is not:

23           (i) inconsistent with the public interest or best  
24 interests of horse racing;

25           (ii) interfering with the effective regulation of  
26 horse racing; or

27           (iii) creating or enhancing the danger of  
28 unsuitable, unfair or illegal practices, methods or  
29 activities in the conduct of horse racing.

30       (f) Denial, suspension or revocation.--The commission may



1 deny an application for a license or revoke, suspend or fail to  
2 renew the license of any applicant or licensed racing entity, if  
3 the commission finds by a preponderance of the evidence that:

4 (1) The applicant or licensed racing entity, or any of  
5 its owners, officers, director, managers, employees or  
6 agents:

7 (i) Has not complied with the conditions, rules,  
8 regulations and provisions of this article and that it  
9 would be in the public interest, convenience or necessity  
10 to deny, revoke, suspend or not renew the license.

11 (ii) Has been convicted of a violation or attempt to  
12 violate a horse racing law, rule or regulation of a horse  
13 racing jurisdiction.

14 (iii) Has furnished the commission with false or  
15 misleading information relating to the application or  
16 license renewal.

17 (iv) Has been convicted of a crime involving moral  
18 turpitude.

19 (v) Has been convicted of a misdemeanor gambling  
20 offense in any jurisdiction.

21 (vi) Has been convicted in any jurisdiction of fraud  
22 or misrepresentation related to horse racing or horse  
23 breeding.

24 (2) The applicant or licensed racing entity does not  
25 have the use of a racetrack or racetrack enclosure in  
26 accordance with the provisions of 4 Pa.C.S. Pt. II (relating  
27 to gaming).

28 (3) The licensed racing entity has commingled horsemen's  
29 organization funds in violation of section 2845-D(c) or has  
30 refused to place on deposit a letter of credit under section

1 2846-D.

2 (4) The commission determines that the licensed racing  
3 entity has failed to properly maintain its racetrack and  
4 racetrack enclosure in good condition pursuant to this  
5 article or to provide adequate capital improvements to the  
6 racetrack and racetrack enclosure as required under this  
7 article and 4 Pa.C.S. § 1404 (relating to distributions from  
8 licensee's revenue receipts).

9 (5) The licensee has been convicted in any jurisdiction  
10 of an offense related to fixing or rigging horse races,  
11 including 18 Pa.C.S. § 4109 or 7102, or any similar crime in  
12 another jurisdiction, unless the conviction has been  
13 overturned on appeal under the laws of the jurisdiction of  
14 the original finding or a pardon has been issued.

15 (g) Cessation.--If a revocation or failure to renew a  
16 license under subsection (e) occurs, the licensee's  
17 authorization to conduct previously approved activity shall  
18 immediately cease, subject to 2 Pa.C.S. (relating to  
19 administrative law and procedure). In the case of a suspension,  
20 the licensee's authorization to conduct previously approved  
21 activity shall immediately cease until the commission has  
22 notified the licensee that the suspension is no longer in  
23 effect. After request for a hearing by a licensee, the  
24 commission may grant a supersedeas, pending the final  
25 determination of the suspension.

26 (h) Renewal.--A horse race meeting license shall be renewed  
27 every three years upon application and, except as provided for  
28 under subsection (a)(4), shall not be transferred. Renewals of  
29 horse race meeting licenses shall not be granted automatically.

30 (i) Conditional licenses.--Pending a final determination

1 under this section, the commission may issue a conditional  
2 license upon the terms and conditions as are necessary to  
3 effectuate the provisions of this article.

4 (j) Compliance.--Nothing in this section shall be construed  
5 to relieve a licensed racing entity of its duty to comply with  
6 the requirements of 4 Pa.C.S. Pt. II.  
7 Section 2819-D. Code of conduct.

8 (a) Scope.--The commission may adopt a comprehensive code of  
9 conduct applicable to commissioners, employees of the  
10 commission, independent contractors and the immediate family of  
11 the commissioners, employees and independent contractors to  
12 enable them to avoid any perceived or actual conflict of  
13 interest and to promote public confidence in the integrity and  
14 impartiality of the commission.

15 (b) Restrictions.--In addition to the other prohibitions  
16 contained in this ~~chapter~~ ARTICLE, a commissioner shall: <--

17 (1) Not accept any discount, gift, gratuity,  
18 compensation, travel, lodging or other thing of value,  
19 directly or indirectly, from any applicant, licensed racing  
20 entity, affiliate, subsidiary or intermediary of an applicant  
21 or other licensee.

22 (2) Disclose a conflict of interest and recuse himself  
23 from any hearing or other proceeding in which the  
24 commissioner's objectivity, impartiality, integrity or  
25 independence of judgment may be reasonably questioned due to  
26 the commissioner's relationship or association with a party  
27 connected to any hearing or proceeding or a person appearing  
28 before the commission.

29 (3) Refrain from any financial or business dealing which  
30 would tend to reflect adversely on the commissioner's

1 objectivity, impartiality or independence of judgment.

2 (4) Avoid impropriety and the appearance of impropriety  
3 at all times and observe standards and conduct that promote  
4 public confidence in the oversight of horse racing.

5 (5) Comply with any other laws, rules or regulations  
6 relating to the conduct of a commissioner.

7 (6) EXCEPT FOR A COMMISSIONER APPOINTED UNDER SECTION <--  
8 2811-D(B) (3), NOT HOLD OR CAMPAIGN FOR PUBLIC OFFICE, HOLD AN  
9 OFFICE IN ANY POLITICAL PARTY OR POLITICAL COMMITTEE AS  
10 DEFINED IN 4 PA.C.S. § 1513(D) (RELATING TO POLITICAL  
11 INFLUENCE), CONTRIBUTE TO OR SOLICIT CONTRIBUTIONS TO A  
12 POLITICAL CAMPAIGN, POLITICAL PARTY, POLITICAL COMMITTEE OR  
13 CANDIDATE, PUBLICLY ENDORSE A CANDIDATE OR ACTIVELY  
14 PARTICIPATE IN A POLITICAL CAMPAIGN.

15 (C) (RESERVED).

16 (d) Ex parte communications.--

17 (1) A commissioner may not engage in any ex parte  
18 communication with any person.

19 (2) If a commissioner received or engaged in an ex parte  
20 communication, a commissioner shall inform the director of  
21 the appropriate bureau who shall notify all parties directly  
22 affected by the anticipated vote or action of the  
23 commissioner related to the ex parte communication of the  
24 substance of the communication and provide the parties with  
25 an opportunity to respond.

26 (3) A commissioner who engaged in or received an ex  
27 parte communication shall disqualify himself from the hearing  
28 or proceeding related to the ex parte communication if the  
29 context and substance of the communication creates  
30 substantial reasonable doubt as to a commissioner's ability

1 to act objectively, independently or impartially.

2 (4) A commissioner who engaged in or received an ex  
3 parte communication and elects not to disqualify himself from  
4 the hearing or proceeding shall state the reasons for not  
5 disqualifying himself on the record prior to the commencement  
6 of the hearing or proceeding.

7 (5) If a commissioner disqualifies himself under this  
8 subsection, a ~~supermajority~~ QUALIFIED MAJORITY vote under <--  
9 this article shall consist of the remaining commissioners.

10 (6) Failure of a commissioner who received or engaged in  
11 an ex parte communication to disqualify himself under this  
12 subsection shall be grounds for appeal to a court of  
13 competent jurisdiction if the commission action being  
14 appealed could not have occurred without the participation of  
15 the commissioner.

16 (7) This subsection shall not preclude a commissioner  
17 from consulting with other commissioners individually if the  
18 consultation complies with 65 Pa.C.S. Ch. 7 (relating to open  
19 meetings) or with commission employees or independent  
20 contractors whose functions are to assist the commission in  
21 carrying out its adjudicative functions.

22 Section 2820-D. Financial interests.

23 No director, owner, officer, manager or employee of an  
24 applicant or licensed racing entity or their immediate family  
25 shall accept gifts from breeders, owners, trainers or other  
26 individuals who participate in the conduct of horse racing in  
27 this Commonwealth.

28 Section 2821-D. Officials at horse race meetings.

29 (a) Racetrack racing official.--The commission shall approve  
30 each racetrack employee whose duties include the enforcement of

1 pari-mutuel racing activities which directly or indirectly  
2 affect the racing product. Compensation for an official under  
3 this subsection shall be paid by the licensed racing entity.

4 (b) Commission racing official.--The commission shall employ  
5 individuals who shall be designated as commission racing  
6 officials and whose duties shall include the oversight and  
7 enforcement of this article, regulations and commission policies  
8 related to prerace activities, the conduct of live racing and  
9 pari-mutuel wagering. The commission, by regulation, shall  
10 establish the duties and responsibilities for a commission  
11 racing official. The cost for and compensation of a commission  
12 racing official shall be paid by the commission.

13 Section 2822-D. Secondary pari-mutuel organization.

14 (a) Requirements.--The following shall apply to a secondary  
15 pari-mutuel organization:

16 (1) A secondary pari-mutuel organization offering and  
17 accepting pari-mutuel wagers within this Commonwealth must be  
18 properly licensed by the commission. Each secondary pari-  
19 mutuel organization employee directly or indirectly  
20 responsible for the acceptance of wagers on horse races or  
21 the transmittal of wagering information to and from the  
22 Commonwealth must be properly licensed.

23 (2) A secondary pari-mutuel organization must comply  
24 with each rule and regulation of the commission.

25 (3) As a condition of licensing and annual license  
26 renewal, a license application of a secondary pari-mutuel  
27 organization must include all of the following:

28 (i) Disclosure of each officer, director, partner  
29 and share holder with a 5% or greater share of ownership  
30 or beneficial interest.

1           (ii) A list of personnel assigned to work in this  
2 Commonwealth.

3           (iii) Certification of compliance with totalisator  
4 standards and licensing requirements adopted by the  
5 commission.

6           (iv) A type II SAS 70 report, or other independent  
7 report in a form acceptable to the commission, completed  
8 within the preceding 12 months, to assure adequate  
9 financial controls are in place in the secondary pari-  
10 mutuel organization.

11           (v) An agreement to allow the commission to inspect  
12 and monitor each facility used by the secondary pari-  
13 mutuel organization for accepting, recording or  
14 processing pari-mutuel wagers accepted in this  
15 Commonwealth.

16           (vi) Certification of the use of a pari-mutuel  
17 system which meets all requirements for a pari-mutuel  
18 system utilized by a licensed racing entity in this  
19 Commonwealth.

20           (4) Fitness and experience of a secondary pari-mutuel  
21 organization must be consistent with the public interest,  
22 convenience and necessity and the best interests of racing  
23 generally, including, but not limited to, all of the  
24 following:

25           (i) Meeting general industry standards for business  
26 and financial practices, procedures and controls.

27           (ii) Possession of a wagering system that ensures  
28 that all wagering information is transmitted to and  
29 calculated in the appropriate host track pool.

30           (iii) Utilization of a totalisator system that meets

1 wagering-industry standards and certification criteria.

2 (iv) Meeting general industry standards for physical  
3 security of computerized wagering systems, business  
4 records, facilities and patrons.

5 (v) Having no indications of improper manipulation  
6 of a secondary pari-mutuel organization's wagering  
7 system, including software.

8 (vi) Having policies and procedures that ensure a  
9 secondary pari-mutuel organization's key individuals have  
10 applied and are eligible for all required occupational  
11 licenses.

12 (vii) Having an annual independent audit with no  
13 audit opinion qualifications that reflect adversely on  
14 integrity.

15 (viii) Having a system that verifies the identity of  
16 each person placing a wager and requires the person  
17 placing a wager to disclose each beneficial interest in a  
18 wager the secondary pari-mutuel organization accepts.

19 (ix) Having a real-time independent monitoring  
20 system to monitor wagering activity to detect suspicious  
21 patterns including any that might indicate criminal  
22 activity or regulatory violations. The system must verify  
23 each transaction performed by the totalisator system and  
24 provide expeditious notice of any discrepancies or  
25 suspicious activity to the host track, wagering site, due  
26 diligence investigating body and any affected regulatory  
27 agency.

28 (x) Having a satisfactory record of customer  
29 relations, including no excessive unresolved patron  
30 complaints concerning the secondary pari-mutuel



1 organization's business practices.

2 (xi) Holding required permits, licenses,  
3 certifications or similar documents that may be required  
4 by a racing, gaming or other pari-mutuel wagering  
5 jurisdiction.

6 (xii) Having sufficient measures to protect customer  
7 funds.

8 (xiii) Publicizing and providing a sufficient  
9 program for customer self-exclusion and wagering  
10 limitation.

11 (xiv) Having expertise in pari-mutuel wagering and  
12 being technologically capable of participating in  
13 simulcast and wagering activities.

14 (5) Financial responsibility of a secondary pari-mutuel  
15 organization must be consistent with the public interest,  
16 convenience and necessity and the best interests of racing  
17 generally, including all of the following:

18 (i) The secondary pari-mutuel organization and the  
19 secondary pari-mutuel organization's key individuals may  
20 not be in default or have a history of defaulting in the  
21 payment of an financial obligation, including the payment  
22 of taxes due to a taxing jurisdiction or on the payment  
23 of gaming, wagering or pari-mutuel racing-related  
24 financial obligations. A secondary pari-mutuel  
25 organization's key individuals may not be four or more  
26 months in arrears for child support that is ordered or  
27 approved by a court in any jurisdiction within the United  
28 States.

29 (ii) The secondary pari-mutuel organization and the  
30 secondary pari-mutuel organization's owners and sources

1 of funds must have sufficient financial means to  
2 participate in simulcast and wagering activities,  
3 including sufficient assets and means to pay industry-  
4 related debts and obligations and to fund the operations  
5 of the secondary pari-mutuel organization.

6 (6) The secondary pari-mutuel organization must be fully  
7 cooperative and act in good faith with all disclosure and  
8 other duties involved in a due diligence investigation,  
9 voluntarily submit to regulatory and investigating body  
10 oversight, permit inspection of each business record upon  
11 request by a regulatory authority or investigating body,  
12 promptly honor regulatory or investigating body requests for  
13 wagering patterns or other information and, after reasonable  
14 notice, permit full access to each facility and property by a  
15 regulatory authority or investigating body.

16 (b) Waiver.--

17 (1) A due diligence investigation may rely on an  
18 investigation and oversight conducted by a commission-  
19 approved entity.

20 (2) The commission may not consent to the acceptance of  
21 an interstate off-track wager by a secondary pari-mutuel  
22 organization that has not been determined to be suitable  
23 under this section.

24 Section 2823-D. Occupational licenses for individuals.

25 (a) General rule.--The commission shall develop a licensing, <--  
26 ~~permitting~~ or other classification system for the regulation of  
27 RACING vendors, trainers, jockeys, drivers, horse owners, <--  
28 backside area employees and other individuals participating in  
29 horse racing and all other persons required to be licensed ~~or~~ <--  
30 ~~permitted~~ as determined by the commission. The license shall not

1 be a property right.

2 (b) Fee.--The commission shall fix and may establish classes  
3 for application fees to be paid by individuals. A license ~~or~~ <--  
4 ~~permit~~ fee shall not exceed \$500. All fees shall be paid to the  
5 commission and deposited into the State Racing Fund.

6 (c) Application.--The application for a license ~~or permit~~ <--  
7 shall be in the form and contain the information as the  
8 commission may require.

9 (d) Renewal.--All licenses shall be subject to renewal every  
10 three years upon application and review. Nothing in this article  
11 shall be construed to relieve a licensee of the affirmative duty  
12 to notify the commission of any changes relating to the status  
13 of its license or to any other information contained in the  
14 application materials on file with the commission. The  
15 application for renewal shall be submitted at least 60 days  
16 prior to expiration of the license and shall include an update  
17 of the information contained in the initial application and any  
18 prior renewal applications and the payment of any renewal fee  
19 required by the commission. A license for which a completed  
20 renewal application and fee, if required, has been received by  
21 the commission shall continue in effect unless and until the  
22 commission sends written notification to the holder of the  
23 license that the commission has denied the renewal of the  
24 license.

25 (e) Licenses.--The commission may issue any of the  
26 following:

27 (1) A temporary license for four months within a 12-  
28 month period pending a final determination.

29 (2) A conditional license upon the terms and conditions  
30 as necessary to administer this article.

1 (f) Processing and issuance.--The commission shall adopt  
2 regulations to fix the manner by which licenses are processed  
3 and issued.

4 (g) Action on applications.--The following shall apply:

5 (1) The commission may not issue a license under this  
6 section to an individual who has been convicted in a  
7 jurisdiction of a felony offense, a misdemeanor gambling  
8 offense or a fraud or misrepresentation in connection with  
9 horse racing or breeding, unless 15 years has passed from the  
10 date of conviction of the offense.

11 (2) Following expiration of a period applicable to an  
12 applicant under paragraph (1), in determining whether to  
13 issue a license ~~or permit~~ to an applicant, the commission <--  
14 shall consider the following factors:

15 (i) The nature of the applicant's involvement with  
16 horse racing.

17 (ii) The nature and seriousness of the offense or  
18 conduct.

19 (iii) The circumstances under which the offense or  
20 conduct occurred.

21 (iv) The age of the applicant when the offense or  
22 conduct occurred.

23 (v) Whether the offense or conduct was an isolated  
24 or a repeated incident.

25 (vi) Any evidence of rehabilitation, including good  
26 conduct in the community, counseling or psychiatric  
27 treatment received and the recommendations of persons who  
28 have substantial contact with the applicant.

29 (g.1) Denial.--The commission may deny an application for a  
30 license ~~or permit~~ or suspend, revoke or refuse to renew a <--

1 license or permit issued under this section if it determines <--  
2 that the applicant, OR licensee or permittee meets any of the <--  
3 following:

4 (1) (Reserved).

5 (2) Has been convicted of any violation or attempts to  
6 violate any law, rule or regulation of horse racing in any  
7 jurisdiction.

8 (3) Has been convicted of an offense under 18 Pa.C.S. §  
9 5511 (relating to cruelty to animals).

10 (4) Has violated a rule, regulation or order of the  
11 commission.

12 (5) Has been convicted in any jurisdiction of an offense  
13 related to fixing or rigging horse races, including 18  
14 Pa.C.S. § 4109 (relating to rigging publicly exhibited  
15 contest) or 7102 (relating to administering drugs to race  
16 horses), or any similar crime in any other jurisdiction,  
17 unless the conviction has been overturned on appeal under the  
18 laws of the jurisdiction of the original finding or a pardon  
19 has been issued.

20 (6) Has not demonstrated by clear and convincing  
21 evidence that the applicant or licensee:

22 (i) Is a person of good character, honesty and  
23 integrity.

24 (ii) Is a person whose prior activities, criminal  
25 record, if any, reputation, habits and associations:

26 (A) Do not pose a threat to the public interest  
27 or the effective regulation and control of horse  
28 racing.

29 (B) Do not create or enhance the danger of  
30 unsuitable, unfair or illegal practices, methods and

1 activities in the conduct of horse racing or the  
2 carrying on of the business and financial  
3 arrangements incidental to the conduct of horse  
4 racing.

5 (h) Inspection.--The commission shall have the right to  
6 inspect all contracts directly affecting the administration of  
7 the racing product and wagering activities between a secondary  
8 pari-mutuel organization, licensed racing entities and RACING <--  
9 vendors for goods and services. The commission shall adopt  
10 regulations to require RACING vendors to disclose all principal <--  
11 owners and officers and a description of their interests in the  
12 vendors' businesses. Failure to disclose this information shall  
13 constitute grounds to deny, to revoke or to suspend any RACING <--  
14 vendor's license issued under this article.

15 (i) Revocation or failure to renew.--In the event of a  
16 revocation or failure to renew, the licensee's authorization to  
17 conduct previously approved activity shall immediately cease and  
18 all fees paid in connection therewith shall be deemed to be  
19 forfeited. In the event of a suspension, the applicant's  
20 authorization to conduct the previously approved activity shall  
21 immediately cease until the commission has notified the  
22 applicant that the suspension is no longer in effect.

23 (j) Hearings.--The commission may suspend a license under  
24 subsection (i) pending a hearing on the matter, which must occur  
25 within 10 days of the suspension. The commission or its director  
26 may grant a supersedeas, if requested, pending a final  
27 resolution of the matter.

28 (k) (Reserved).

29 (l) Criminal action.--

30 (1) Each district attorney shall have authority to

1 investigate and to institute criminal proceedings for a  
2 violation of this article.

3 (2) In addition to the authority conferred upon the  
4 Attorney General under the act of October 15, 1980 (P.L.950,  
5 No.164), known as the Commonwealth Attorneys Act, the  
6 Attorney General shall have the authority to investigate and,  
7 following consultation with the appropriate district  
8 attorney, to institute criminal proceedings for a violation  
9 of this article. A person charged with a violation of this  
10 article by the Attorney General shall not have standing to  
11 challenge the authority of the Attorney General to  
12 investigate or prosecute the case, and, if any such challenge  
13 is made, the challenge shall be dismissed and no relief shall  
14 be available in the courts of this Commonwealth to the person  
15 making the challenge.

16 (m) Regulatory action.--Nothing contained in subsection (l)  
17 shall be construed to limit the existing regulatory or  
18 investigative authority of an agency or the Commonwealth whose  
19 functions relate to persons or matters within the scope of this  
20 part.

21 (n) Inspection, seizure and warrants on racetrack  
22 enclosures.--

23 (1) The commission, the Attorney General and the  
24 Pennsylvania State Police shall have the authority without  
25 notice and without warrant to do all of the following in the  
26 performance of their duties:

27 (i) Inspect and examine all premises where horse  
28 racing is conducted, or where records of these activities  
29 are prepared or maintained.

30 (ii) Inspect all equipment and supplies in, about,

1 upon or around premises referred to in subparagraph (i).

2 (iii) Seize, summarily remove and impound equipment  
3 and supplies from premises referred to in subparagraph  
4 (i) for the purposes of examination and inspection.

5 (iv) Inspect, examine and audit all books, records  
6 and documents pertaining to a licensee's operation.

7 (v) Seize, impound or assume physical control of any  
8 book, record, ledger or device.

9 (2) The provisions of paragraph (1) shall not be deemed  
10 to limit warrantless inspections except in accordance with  
11 constitutional requirements.

12 Section 2824-D. (Reserved).

13 Section 2825-D. Power of commission to impose fines.

14 (a) General rule.--The commission may impose administrative  
15 finer upon any licensed or unlicensed racing entity, association  
16 or person participating in horse racing at which pari-mutuel  
17 wagering is conducted, other than as a patron, for a violation  
18 of any provision of this article or rule or regulation of the  
19 commission, not exceeding \$10,000 for each violation. Each day  
20 may be considered a separate violation. Fines shall be deposited  
21 in the State Racing Fund and may be appropriated for the  
22 enforcement of this article.

23 (b) Interests.--

24 (1) No owner, officer or employee of a licensed racing  
25 entity or their immediate family shall have any direct or  
26 indirect interest in a race horse that is participating in a  
27 horse race meeting at which the person or relative listed  
28 under this paragraph holds any interest in the licensed  
29 racing entity conducting the horse race meeting or in the  
30 racetrack facility.



1           (2) The commission may impose a fine upon any person for  
2           a violation of this subsection in accordance with subsection  
3           (a).

4 Section 2826-D. Admission to racetrack.

5           (a) Power of licensed racing entity.--Except as provided in  
6           subsection (b), a licensed racing entity may refuse admission to  
7           and eject from the racetrack enclosure operated by the licensed  
8           racing entity, any person licensed by the commission under this  
9           article and employed at an occupation at the racetrack if the  
10           person's presence is deemed detrimental to the best interests of  
11           horse racing and after citing the reasons for the determination  
12           in writing. The action of the licensed racing entity refusing  
13           the person admission to or ejecting the person from a HORSE race <--  
14           meeting ground or racetrack enclosure shall have immediate  
15           effect unless a supersedeas has been granted by the bureau  
16           director. The person refused admission or ejected shall receive  
17           a hearing before the commission, if requested, pursuant to rules  
18           and regulations adopted for that purpose by the commission and a  
19           decision rendered following that hearing.

20           (b) Admission.--A licensed racing entity may not refuse  
21           admission to or eject a law enforcement official, commission  
22           member or employee or employee of the Department of Revenue  
23           while the official is engaged in the performance of the  
24           individual's official duties.

25 Section 2827-D. Security personnel.

26           (a) General rule.--The commission shall require licensed  
27           racing entities to employ persons as security as determined by  
28           the commission. Designated security personnel:

29           (1) Shall refer possible violations of the criminal laws  
30           of this Commonwealth within the racetrack or RACETRACK <--

1 enclosure to law enforcement agencies.

2 (2) May not eject or exclude from the racetrack or  
3 RACETRACK enclosure any person because of the race, creed, <--  
4 color, sex, sexual orientation, national origin or religion  
5 of that person.

6 (b) Penalty.--An individual found within a racetrack or  
7 RACETRACK enclosure after having been ejected therefrom shall, <--  
8 upon conviction, be guilty of a summary offense and be sentenced  
9 to pay a fine of not more than \$500.

10 Section 2828-D. (Reserved).

11 Section 2829-D. Interstate simulcasting.

12 (a) Host licensees.--The commission may approve the  
13 application of a licensed racing entity or secondary pari-mutuel  
14 organization to electronically simulcast horse races to and from  
15 this Commonwealth. Upon request by a licensed racing entity or  
16 secondary pari-mutuel organization, the commission may designate  
17 the entity as a host licensee, authorized to maintain common  
18 pari-mutuel pools on international and interstate races  
19 transmitted to and from the racetrack enclosures within this  
20 Commonwealth. All simulcasts of horse races shall comply with  
21 the provisions of the Interstate Horseracing Act of 1978 (Public  
22 Law 95-515, 15 U.S.C. § 3001 et seq.) and the laws of each state  
23 involved, placed or transmitted by an individual in one state  
24 via telephone, Internet or other electronic media and accepted  
25 and maintained in common pari-mutuel pools. The designation as a  
26 host licensee for international and interstate simulcast races  
27 shall be limited to licensed racing entities which comply with 4  
28 Pa.C.S. § 1303(d) (relating to additional Category 1 slot  
29 machine license requirements).

30 (b) Simulcasts.--The following apply:

1           (1) Cross simulcasting of the races described in  
2           subsection (a) shall be permitted if all amounts wagered on  
3           the races in this Commonwealth are included in common pari-  
4           mutuel pools. A host licensee seeking permission to cross  
5           simulcast must obtain approval from the commission.

6           (2) All forms of pari-mutuel wagering shall be allowed  
7           on horse races simulcasted. The commission may permit pari-  
8           mutuel pools in this Commonwealth to be combined with pari-  
9           mutuel pools created under the laws of another jurisdiction  
10           and may permit pari-mutuel pools created under the laws of  
11           another jurisdiction to be combined with pari-mutuel pools in  
12           this Commonwealth. The commission shall promulgate  
13           regulations necessary to regulate wagering on televised  
14           simulcasts.

15           (c) Taxation.--Money wagered by patrons in this Commonwealth  
16           on horse races shall be computed by the amount of money wagered  
17           each racing day for purposes of taxation under section 2834-D.  
18           Thoroughbred races shall be considered a part of a thoroughbred  
19           horse race meeting and standardbred horse races shall be  
20           considered a part of a standardbred horse race meeting.  
21           Section 2830-D. Place and manner of conducting pari-mutuel  
22           wagering at racetrack enclosure.

23           (a) Wagering location.--A licensed racing entity shall  
24           provide a location during a horse race meeting within the  
25           racetrack enclosure where the licensed racing entity shall  
26           operate the pari-mutuel system of wagering by its patrons on the  
27           results of horse races held at the racetrack or televised to the  
28           racetrack enclosure by simulcasting under section 2829-D. The  
29           licensed racing entity shall erect a sign or board compatible  
30           with the totalisator systems which shall display all of the

1 following:

2 (1) The approximate straight odds on each horse in any  
3 race.

4 (2) The value of a winning mutuel ticket, straight,  
5 place or show on the first three horses in the race.

6 (3) The elapsed time of the race.

7 (4) The value of a winning daily double ticket, if a  
8 daily double is conducted, and any other information that the  
9 commission deems necessary to inform the general public.

10 (b) Equipment.--The commission may test and examine the  
11 equipment to be used for the display of the information under  
12 subsection (a).

13 (c) Electronic wagering system.--In addition to other forms  
14 of live wagering, including cash at a window teller, a licensed  
15 racing entity may operate an electronic wagering system on horse  
16 racing in accordance with all of the following:

17 (1) Messages to place wagers shall be to a place within  
18 the racetrack enclosure.

19 (2) Money used to place wagers under this subsection  
20 shall be on deposit in an amount sufficient to cover the  
21 wager at the racetrack where the account is opened.

22 (c.1) Regulations.--The commission may promulgate  
23 regulations necessary to regulate electronic wagering for horse  
24 racing.

25 (d) Taxation.--Money wagered as a result of electronic  
26 wagering shall be included in the amount wagered each racing day  
27 for purposes of taxation under section 2834-D and shall be  
28 included in the same pari-mutuel pools for each posted race.  
29 Electronic wagering systems shall be operated by the licensed  
30 racing entity, secondary pari-mutuel organization or by a duly

1 licensed RACING vendor.

<--

2 (e) Conditions.--A licensed racing entity shall only accept  
3 and tabulate a wager by a direct request via electronic media  
4 from the holder of an electronic wagering account. Only the  
5 holder of the electronic wagering account shall place a wager.

6 (f) Primary market area.--

7 (1) A licensed racing entity or secondary pari-mutuel  
8 organization may not accept a wager or establish electronic  
9 wagering or advanced deposit account wagering for any person  
10 located in the primary market area of a racetrack, other than  
11 the racetrack at which the licensed racing entity is  
12 conducting a HORSE race meeting.

<--

13 (2) Nothing in this subsection shall be construed to  
14 prohibit a licensed racing entity from accepting a wager from  
15 or establishing an electronic wagering account for any person  
16 located in the primary market area of the racetrack where the  
17 licensed racing entity is conducting a ~~meet~~ HORSE RACE  
18 MEETING. If two tracks share the primary market area, both  
19 racetracks shall have equal rights to the market in the  
20 shared area.

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21 Section 2831-D. Pari-mutuel wagering at nonprimary locations.

22 (a) Nonprimary locations.--The following shall apply:

23 (1) Notwithstanding any other provision of this article,  
24 the commission may approve a licensed racing entity to  
25 continue to operate a nonprimary location where it has  
26 conducted pari-mutuel wagering on horse races conducted by  
27 the licensed racing entity. The licensed racing entity may  
28 continue to conduct pari-mutuel wagering at the location on  
29 horse races conducted by another licensed racing entity,  
30 which horse races may be televised to the location or on

1 horse races simulcast to the location under section 2826-D,  
2 provided that:

3 (i) A licensed racing entity has not established a  
4 nonprimary location within the primary market area of any  
5 racetrack other than a racetrack where the licensed  
6 racing entity conducts horse race meetings. Establishment  
7 of a nonprimary location by a licensed racing entity  
8 within the primary market area of a racetrack where the  
9 licensed racing entity conducts horse race meetings shall  
10 require approval of the commission.

11 (ii) A licensed racing entity has not established a  
12 nonprimary location within the secondary market area of a  
13 racetrack if the nonprimary location is approved by the  
14 commission.

15 (iii) A licensed racing entity has not established a  
16 nonprimary location in an area outside the primary and  
17 secondary market areas of any racetrack if the location  
18 is approved by the commission.

19 (2) Except as provided under paragraph (1), no  
20 additional licenses shall be permitted.

21 (3) The commission shall annually conduct inspections of  
22 the primary facility.

23 (4) The regulatory authority of the commission shall  
24 apply to nonprimary locations and any employees or RACING <--  
25 vendors of the licensed racing entity establishing the  
26 nonprimary location.

27 (b) Taxation and records.--Money wagered at all primary and  
28 nonprimary locations under this article shall be included in  
29 common pari-mutuel pools. Money wagered by patrons on the races  
30 shall be computed by the amount of money wagered each racing day

1 for purposes of taxation under section 2834-D. The licensed  
2 racing entity conducting the horse race meeting and maintaining  
3 the pari-mutuel pools shall maintain accurate records of the  
4 amount wagered in each pool from every primary and nonprimary  
5 location.

6 (c) Retention.--Money retained under section 2834-D shall be  
7 calculated for each location where pari-mutuel wagering is being  
8 conducted. If wagering has taken place at a nonprimary location  
9 where the wagering is conducted by a licensed racing entity  
10 other than the licensed racing entity conducting the horse race  
11 meeting, the licensed racing entity conducting the horse race  
12 meeting shall retain any money to which it is entitled by  
13 agreement. The licensed racing entity conducting the HORSE RACE <--  
14 meeting shall pay over the balance of the retained money to the  
15 licensed racing entity conducting the wagering at the nonprimary  
16 location.

17 (d) Payment of purses.--A licensed racing entity conducting  
18 a horse race meeting where pari-mutuel wagering is conducted at  
19 one or more nonprimary locations shall distribute money to the  
20 horsemen's organization, or in accordance with the practice of  
21 the parties, to be used for payment of purses at that racetrack,  
22 as follows:

23 (1) Except as provided for in paragraphs (2), (3), (4)  
24 and (5), an amount equal to but not less than 6% of the daily  
25 gross wagering handle on the races at a nonprimary location.

26 (2) When the gross wagering handle on the races at a  
27 nonprimary location on a given day is less than \$30,000, the  
28 percentage may not be less than 3%.

29 (3) When the gross wagering handle on the races at a  
30 nonprimary location on a given day is between \$30,000 and

1 \$75,000, the percentage may not be less than 4.75%.

2 (4) Whenever a nonprimary location is within the primary  
3 market area of a licensed racing entity other than the  
4 licensed racing entity conducting the races, the applicable  
5 percentage shall be distributed one-half to the horsemen's  
6 organization at the racetrack or in accordance with the  
7 practice of the parties.

8 (5) Where the horse race meeting is being conducted to  
9 be used for the payment of purses at the racetrack and one-  
10 half to the horsemen's organization, or in accordance with  
11 the practice of the parties, at the racetrack within the  
12 primary market area to be used for the payment of purses at  
13 the racetrack.

14 Nothing in this subsection shall be construed to prevent a  
15 licensed racing entity from agreeing to distribute amounts  
16 greater than the percentages set forth in this subsection.  
17 However, if no alternative agreement has been reached, the total  
18 percentage for purses under this subsection shall be paid in  
19 accordance with the minimum percentages set forth in this  
20 subsection.

21 (e) Other payments.--Notwithstanding any other provision of  
22 this article, a nonprimary location may be established within  
23 the primary market area of a racetrack by agreement between the  
24 licensed racing entity and the horsemen's organization at the  
25 racetrack specifying the total percentage of handle wagered at  
26 the nonprimary location to be distributed to the horsemen's  
27 organization, or in accordance with the practice of the parties,  
28 to be used for the payment of purses at that racetrack. If no  
29 agreement is reached covering the locations, the total  
30 percentage to be paid for purses shall be the same as that



1 applied to on-track wagering at the racetrack located within the  
2 primary market area.

3 Section 2832-D. Books and records of pari-mutuel wagering.

4 Every licensed racing entity that conducts a horse race  
5 meeting at which pari-mutuel wagering is authorized, shall  
6 maintain books and records that clearly show by separate record  
7 the total amount of money contributed to every pari-mutuel pool.  
8 The Department of Revenue or its authorized representative shall  
9 have access to examine all books and records and ascertain  
10 whether the proper amount due to the State is being paid by the  
11 licensed racing entity.

12 Section 2833-D. Filing of certain agreements with commission.

13 A licensed racing entity shall promptly file with the  
14 commission any lease agreement concerning any concession, labor  
15 management relation, hiring of designated classes of officers,  
16 employees or contractors specified by the commission or any  
17 other contract or agreement as the commission may prescribe.

18 Section 2834-D. State Racing Fund and tax rate.

19 (a) Fund.--There is hereby established in the State Treasury  
20 the State Racing Fund. For fiscal year 2015-2016, money in the  
21 fund is appropriated on a continuing basis to the department for  
22 the purposes of administering this ~~act~~ ARTICLE. Beginning on <--  
23 July 1, 2016, all money deposited in the fund, except money  
24 deposited in restricted accounts, shall be annually appropriated  
25 by the General Assembly for the administration and enforcement  
26 of this article and for the oversight and promotion of horse  
27 racing in this Commonwealth. A licensed racing entity that  
28 conducts horse race meetings or a secondary pari-mutuel  
29 organization shall pay a tax to the Department of Revenue for  
30 deposit in the State Racing Fund.

1 (b) Tax rate.--The tax imposed on a licensed racing entity  
2 or secondary pari-mutuel organization shall be 1.5% of the  
3 amount wagered each racing day on win, place or show wagers and  
4 2.5% of the total amount on an exotic wager, including an  
5 exacta, daily double, quinella and trifecta wager.

6 (c) Expenditures.--Funds collected under subsection (b) and  
7 any interest shall be used as follows:

8 (1) For the administration and enforcement of this  
9 article including:

10 (i) Funds to the commission in an amount  
11 appropriated by the General Assembly.

12 (ii) Funds to the Department of Revenue in an amount  
13 appropriated by the General Assembly.

14 (2) If annual revenue under subsection (b) is sufficient  
15 to satisfy the requirement under paragraph (1), the remainder  
16 of the money shall be distributed as follows:

17 (i) Fifty percent shall remain in the State Racing  
18 Fund as a carry forward balance to the next fiscal year.  
19 Any carry forward balance shall be first applied to the  
20 cost of equine testing under section 2874-D and, if any  
21 still remains, for commission expenses as budgeted by the  
22 General Assembly.

23 (ii) Fifty percent shall be divided equally and  
24 distributed as follows:

25 (A) Twenty-five percent shall be paid by the  
26 Department of Revenue from the State Racing Fund for  
27 credit to the Pennsylvania Breeding Fund.

28 (B) Twenty-five percent shall be paid by the  
29 Department of Revenue from the State Racing Fund for  
30 credit to the Pennsylvania Sire Stakes Fund.

1 (d) Breakage.--All breakage retained under section 2835-D by  
2 licensed racing entities that conduct horse race meetings shall  
3 be distributed in the following manner:

4 (1) Thirty-seven and one-half percent of the breakage  
5 shall be paid to the Department of Revenue for credit to the  
6 State Racing Fund.

7 (2) Sixty-two and one-half percent of the breakage shall  
8 be retained by the licensed racing entity.

9 (e) Other revenues.--The State Racing Fund may also receive  
10 moneys from any other source, including, but not limited to  
11 appropriations made by the General Assembly.

12 Section 2835-D. Pari-mutuel pool distribution.

13 (a) Distribution.--A licensed racing entity shall distribute  
14 money in a pari-mutuel pool to the holders of winning tickets  
15 presented for payment before the first day of April of the year  
16 following the date of purchase. Failure to present a winning  
17 ticket within the prescribed period of time shall constitute a  
18 waiver of the right to participate in the award or dividend.  
19 After April 1 of the year following the year of purchase, a  
20 licensed racing entity shall forward the necessary funds held  
21 for uncashed tickets to the Department of Revenue. The funds  
22 shall be deposited into the State Racing Fund.

23 (b) Remainder.--The remainder of the money shall be retained  
24 by the licensed racing entity in the following manner:

25 (1) Seventeen percent of the money plus the breakage  
26 from regular wagering pools or 19% of the money plus the  
27 breakage from regular wagering pools for licensed racing  
28 entities whose daily total in all pari-mutuel pools averaged  
29 less than \$300,000.

30 (2) Twenty percent of the money plus breakage from the

1 exacta, daily double, quinella and other wagering pools as  
2 determined by the commission.

3 (3) At least 26%, but no more than 35%, from the  
4 trifecta or other wagering pools as determined by the  
5 commission.

6 (c) Retention.--A licensed racing entity may retain lesser  
7 percentages upon approval of the commission.

8 Section 2836-D. Pennsylvania Breeding Fund.

9 (a) Establishment.--There is hereby created a restricted  
10 account in the State Racing Fund to be known as the Pennsylvania  
11 Breeding Fund which shall consist of the money deposited under  
12 section 2834-D and any provision of 4 Pa.C.S. Pt. II (relating  
13 to gaming) and which shall be distributed by the commission.

14 (b) Awards from the Pennsylvania Breeding Fund.--The  
15 commission shall distribute money from the Pennsylvania Breeding  
16 Fund as follows:

17 (1) An award of 30% of the purse earned by every  
18 registered thoroughbred racing horse sired in this  
19 Commonwealth by a registered Pennsylvania sire at the time of  
20 conception of the registered thoroughbred racing horse sired  
21 in this Commonwealth, or an award of 20% of the purse earned  
22 by every registered thoroughbred racing horse sired in this  
23 Commonwealth sired by a nonregistered sire, which finishes  
24 first, second or third in any race conducted by a licensed  
25 racing entity under this article shall be paid to the breeder  
26 of said registered thoroughbred racing horse sired in this  
27 Commonwealth. A single award under this paragraph may not  
28 exceed 1% of the total annual fund money.

29 (2) An award of 10% of the purse earned by any  
30 registered thoroughbred racing horse sired in this

1 Commonwealth which finishes first, second or third in any  
2 race conducted by a licensed racing entity under this article  
3 shall be paid to the owner of the registered Pennsylvania  
4 sire which regularly stood in Pennsylvania at the time of  
5 conception of the thoroughbred racing horse sired in this  
6 Commonwealth. A single award under this paragraph may not  
7 exceed 0.5% of the total annual fund money.

8 (3) An award of 10% of the purse earned by any  
9 registered thoroughbred racing horse sired in this  
10 Commonwealth which finishes first in any race conducted by a  
11 licensed racing entity under this article not restricting  
12 entry to registered thoroughbreds racing horse sired in this  
13 Commonwealth shall be paid to the licensed owner of said  
14 registered thoroughbred horse sired in this Commonwealth at  
15 the time of winning. A single award under this paragraph may  
16 not exceed 0.5% of the total annual fund money.

17 (c) Purses from Pennsylvania Breeding Fund.--Up to one-fifth  
18 of the total of the estimated Pennsylvania Breeding Fund money  
19 remaining each year after the deduction of expenses related to  
20 the administration and development of the Pennsylvania Breeding  
21 Fund program and the payment of breeder, stallion and owner  
22 awards, shall be divided among the licensed racing entities that  
23 conduct thoroughbred horse race meetings in direct proportion to  
24 the rate by which each licensed racing entity generated the fund  
25 money during the previous year to be used solely for purses for  
26 Pennsylvania Breeding Fund stakes races which restrict entry to  
27 registered thoroughbred racing horse sired in this Commonwealth.

28 (d) Remaining funds.--The Pennsylvania Breeding Fund money  
29 remaining following disbursements as directed in subsection (b)  
30 (1), (2) and (3) and subsection (c) shall be divided among the

1 licensed racing entities that conduct thoroughbred horse race  
2 meetings in direct proportion to the rate by which each licensed  
3 racing entity generated the fund money during the previous year  
4 to be used for purses as follows:

5 (1) Claiming and nonclaiming Pennsylvania Breeding Fund  
6 races which restrict entry to registered thoroughbred racing  
7 horses sired in this Commonwealth.

8 (2) Claiming and nonclaiming Pennsylvania Breeding Fund  
9 races which prefer registered thoroughbred racing horses  
10 sired in this Commonwealth as starters. In these races,  
11 should eight or more registered thoroughbred racing horses  
12 sired in this Commonwealth pass the entry box, the race shall  
13 be considered closed to horses other than registered  
14 thoroughbred racing horses sired in this Commonwealth.

15 (e) Funds not expended.--Pennsylvania Breeding Fund money  
16 due to licensed racing entities, as outlined in subsections (c)  
17 and (d), but not expended during the calendar year may be  
18 carried forth in the fund on the accounts of the licensed racing  
19 entities to be expended during the succeeding year in addition  
20 to the racing entities' fund money annually due to them for  
21 purses.

22 (e.1) Committee.--There is hereby established the  
23 Pennsylvania Breeding Fund Advisory Committee within the  
24 commission. The committee shall consist of five individuals, who  
25 are residents of this Commonwealth, to be appointed by the  
26 commission by June 1 of each year based on the recommendation of  
27 the groups identified in this subsection. If a member other than  
28 a commissioner has not been recommended by June 1 of each year,  
29 the commission shall make an appointment for the organization  
30 failing to so recommend a member of the committee. The committee

1 shall assist and advise the commission on the regulation of  
2 horse racing breeding issues under this article but shall have  
3 no power in administering the fund. Members of the advisory  
4 committee shall not receive compensation or reimbursements for  
5 participation on the committee. The committee shall consist of  
6 the following members:

7 (1) Two members representing the Pennsylvania Horse  
8 Breeders' Association.

9 (2) One member representing licensed racing entities.

10 (3) One member representing the association representing  
11 horsemen racing in Pennsylvania.

12 (4) One member of the commission.

13 (f) Pennsylvania Horse Breeders' Association.--The  
14 commission shall contract with the Pennsylvania Horse Breeders'  
15 Association as the organization responsible for the registration  
16 and records of thoroughbred racing horses sired in this  
17 Commonwealth. The Pennsylvania Horse Breeders' Association shall  
18 advise the commission when called upon and shall determine the  
19 qualifications for thoroughbred racing horses sired in this  
20 Commonwealth and Pennsylvania sires. Registration and records of  
21 the association shall be official records of the Commonwealth  
22 and shall be subject to the act of February 14, 2008 (P.L.6,  
23 No.3), known as the Right-to-Know Law. At the close of each  
24 calendar year, the Pennsylvania Horse Breeders' Association  
25 shall submit to the commission for its approval an itemized  
26 budget of projected expenses for the ensuing year relating to  
27 the administration and development of the Pennsylvania Breeding  
28 Fund Program. The commission shall reimburse the Pennsylvania  
29 Horse Breeders' Association for those expenses actually incurred  
30 in the administration and development of the Pennsylvania

1 Breeding Fund Program from the Pennsylvania Breeding Fund, no  
2 more than on a quarterly basis.

3 Section 2837-D. Pennsylvania Sire Stakes Fund.

4 (a) Establishment.--There is created a restricted account in  
5 the State Racing Fund to be known as the Pennsylvania Sire  
6 Stakes Fund which shall consist of the money deposited under  
7 section 2834-D and any provision of 4 Pa.C.S. Pt. II (relating  
8 to gaming) and which shall be administered by the commission.

9 (b) Distribution and use of funds.--Funds shall be  
10 distributed as follows:

11 (1) Sixty percent of the money remaining in the excess  
12 fund account of the Pennsylvania Sire Stakes Fund at the end  
13 of the calendar year in which this subsection is enacted  
14 shall be distributed to licensed racing entities that conduct  
15 standardbred horse race meetings to be used in the next  
16 succeeding calendar year as purse money for Pennsylvania-  
17 sired horses. The remaining 40% of the money in the excess  
18 fund account at the end of the calendar year of the enactment  
19 of this subsection, together with the interest earned on that  
20 money, shall be distributed to licensed racing entities that  
21 conduct standardbred horse race meetings to be used in the  
22 next succeeding calendar year as purse money for  
23 Pennsylvania-sired horses.

24 (2) After deduction of sufficient funds to cover the  
25 commission's cost of administration, 80% of all remaining  
26 money in the Pennsylvania Sire Stakes Fund at the end of the  
27 calendar year shall be distributed to licensed racing  
28 entities that conduct standardbred horse race meetings to be  
29 used as purse money for Pennsylvania-sired horses. The  
30 commission may allocate up to a total of 40% of the amount to



1 be distributed to licensed racing entities in a calendar year  
2 for use for a series of championship final races at the  
3 racetracks of licensed business entities that conduct  
4 standardbred horse race meetings. The commission shall  
5 distribute the money to these championship final races in an  
6 equal amount for each sex, age and gait for two-year-old  
7 trotters and pacers and three-year-old trotters and pacers  
8 based on conditions establishing eligibility to these final  
9 events. No pari-mutuel standardbred racetrack shall be  
10 awarded more than 50% of the championship final races in any  
11 calendar year. The commission shall schedule these final  
12 events so as to evenly alternate classes at each racetrack  
13 each year. After the allocation for the championship final  
14 races has been determined, the remaining funds to be  
15 distributed to licensed racing entities that conduct  
16 standardbred horse race meetings shall be divided equally  
17 among the licensed racing entities. Each licensed racing  
18 entity shall divide the funds received equally for each of:

19 (i) four two-year-old races; one pace for colts, one  
20 pace for fillies, one trot for colts and one trot for  
21 fillies; and

22 (ii) four three-year-old races; one pace for colts,  
23 one pace for fillies, one trot for colts and one trot for  
24 fillies.

25 (c) Purse money.--Each allotment shall provide purse money  
26 for the respective races. The purse money shall be in addition  
27 to any entry fees or other funds available.

28 (d) Entry restriction.--Entry for these races shall be  
29 limited to standardbred horses which were sired by a  
30 standardbred stallion regularly standing in Pennsylvania and

1 each race shall be designated a Pennsylvania sire stakes race.  
2 The commission shall adopt regulations as necessary to  
3 administer the entry restriction.

4 (e) Agricultural fairs and events.--

5 (1) The following shall apply:

6 (i) The remaining money in the Pennsylvania Sire  
7 Stakes Fund, up to a total of \$75,000 for each  
8 agricultural fair and one-day or two-day events as  
9 defined in the commission's regulations, shall be divided  
10 equally among the agricultural fairs and one-day or two-  
11 day events.

12 (ii) No more than five one-day or two-day events may  
13 be authorized by the commission per year.

14 (iii) No more than two one-day or two-day events per  
15 county may be authorized by the commission except if,  
16 after a date established by the commission, the five  
17 events referenced under subparagraph (ii) conducting  
18 harness horse races for two-year-old and three-year-old  
19 harness horses have not been allocated.

20 (iv) Not less than \$225,000 shall be allocated from  
21 the Pennsylvania Sire Stakes Fund and be divided equally  
22 among agricultural fairs and one-day or two-day events  
23 conducting harness horse races for two-year-old and  
24 three-year-old harness horses.

25 (2) Each fair or one-day or two-day event receiving  
26 funds under this subsection shall divide the total amount  
27 equally among all eligible races for two-year-old and three-  
28 year-old harness horses and shall apply the funds solely as  
29 additional purse funds. Only races to which entry is  
30 restricted to Pennsylvania-sired horses shall be eligible.

1 The commission shall provide for and promulgate regulations  
2 necessary for the proper administration of racing provided  
3 for under this subsection, including, but not limited to,  
4 portable stall rentals at one-day or two-day events.

5 Section 2838-D. Fair fund proceeds.

6 (a) Distribution.--The Department of Agriculture shall  
7 distribute money in the fair fund annually, on or before March  
8 1, for reimbursement for each county agricultural society and  
9 each independent agricultural society conducting standardbred  
10 horse racing during its annual fair, other than races for two-  
11 year-old colts and fillies and three-year-old colts and fillies,  
12 an amount of money equal to that used during their annual fair  
13 as purse money for standardbred horse racing, track and stable  
14 maintenance, starting gate rental and the cost of all  
15 standardbred horse racing officials required during their annual  
16 fair. The reimbursement amount may not be more than \$13,000, a  
17 minimum of \$4,000 of which must be used for purse money and the  
18 balance of the allotment per fair, not used for purse money over  
19 the minimum \$4,000 allotment, shall be used for the specific  
20 purposes referenced above or otherwise the allotment shall be  
21 retained in the fund.

22 (b) Inspection.--The commission shall annually inspect each  
23 track facility at a county fair and advise each operating fair  
24 about track maintenance which is necessary to ensure adequate  
25 racing surface during the course of scheduled fairs and racing  
26 events. If it is the opinion of the commission that the fair  
27 society or event sponsor is not adequately financing track  
28 maintenance, the Department of Revenue shall surcharge the fair  
29 fund account of the fair society or event sponsor to effectuate  
30 the remediation. The commission may contract with, hire or

1 otherwise consult with race track surface experts to carry out  
2 the provisions of this section.

3 Section 2839-D. Hearing.

4 An applicant, licensee or other person whose application has  
5 been denied or whose license has been suspended, revoked or not  
6 renewed may request a hearing before the commission. The  
7 provisions of 2 Pa.C.S. Chs. 5 Subch. A (relating to practice  
8 and procedure of Commonwealth agencies) and 7 Subch. A (relating  
9 to judicial review of Commonwealth agency action) shall apply,  
10 unless superseded by the commission's administrative  
11 regulations.

12 Section 2840-D. Prohibition of wagering.

13 (A) GENERAL.--No commissioner or employee of the commission <--  
14 shall wager upon the outcome of any horse race conducted at or  
15 simulcast to a track at which pari-mutuel wagering is conducted  
16 by any licensed racing entity regulated by the commission. No  
17 licensed racing entity shall permit any person who is under 18  
18 years of age to wager at a horse race meeting conducted by the  
19 licensed racing entity. No licensed racing entity shall permit  
20 any person who is under 18 years of age to attend a horse race  
21 meeting conducted by the licensed racing entity unless the  
22 person is accompanied by a parent or guardian. This section  
23 shall not be construed to prohibit persons under 18 years of  
24 age, who are legally employed, from being upon the racetrack  
25 premises for the sole purpose of engaging in the performance of  
26 their duties as employees.

27 (B) FAIR RACING.--PARI-MUTUEL WAGERING ON HORSE RACES AT ANY <--  
28 COUNTY OR OTHER POLITICAL SUBDIVISION, AGRICULTURAL OR OTHER  
29 FAIR SHALL NOT BE AUTHORIZED. NO LOTTERY, POOL SELLING,  
30 BOOKMAKING OR ANY OTHER KIND OF GAMBLING UPON THE RESULTS OF

1 RACES, HEATS OR CONTESTS OF SPEED OF HORSES SHALL BE ALLOWED AT  
2 ANY FAIR OR AT ANY HORSE RACE MEETING CONDUCTED IN THIS  
3 COMMONWEALTH, EXCEPT THOSE LICENSED TO OPERATE PARI-MUTUEL  
4 WAGERING UNDER THE PROVISIONS OF THIS ARTICLE.

5 Section 2841-D. Veterinarians and State stewards.

6 (a) General rule.--The commission shall have the authority  
7 to employ or contract with licensed veterinarians, stewards and  
8 other personnel deemed appropriate by the commission to serve at  
9 each HORSE RACE meeting conducted by a licensed racing entity. <--  
10 The commission may employ or contract with other individuals as  
11 shall be necessary to carry out the responsibilities of this  
12 section.

13 (b) Costs and compensation.--The costs and compensation of  
14 the horse racing veterinarians, State stewards and other  
15 personnel shall be fixed and paid by the commission.

16 (c) ~~Agricultural society horse racing.~~ The Department of <--  
17 ~~Agriculture may promulgate regulations to oversee horse racing~~  
18 ~~conducted by a county agricultural society or an independent~~  
19 ~~agricultural society, as provided for under section 5(1)(iii)~~  
20 ~~and (iv) of the act of July 8, 1986 (P.L.437, No.92), known as~~  
21 ~~the Pennsylvania Agricultural Fair Act. Pari mutuel wagering may~~  
22 ~~not be conducted at a horse race at a fair of a political~~  
23 ~~subdivision.~~

24 Section 2842-D. Promotions and discounts.

25 The commission may approve a licensed racing entity to issue  
26 a free pass, card or badge for a special promotional program and  
27 seasonal discount ticket program.

28 Section 2843-D. Monitoring of wagering on video screens.

29 A licensed racing entity conducting pari-mutuel wagering  
30 shall display on video screens the approximate odds or

1 approximate will-pays on each horse for each race as well as a  
2 combination of races, including, but not limited to, quinellas,  
3 exactas, perfectas and any other combination or pool of races. A  
4 display of approximate odds or approximate will-pays is not  
5 required where the wager is on horses in four or more races,  
6 such as Pick 4, Pick 5 or Pick 6. In addition to displaying the  
7 amount of money wagered, the approximate odds or approximate  
8 will-pays on each horse or combination of horses must be shown  
9 on video screens in each wagering division. For trifectas, in  
10 lieu of odds or approximate will-pays, the amount of money being  
11 wagered on each horse to win in the trifecta pool must be  
12 displayed on video screens separately from any other  
13 information. Information must be displayed from the opening of  
14 bets or wagering and be continually displayed until the wagering  
15 is closed. At least one video screen in each wagering division  
16 shall display the amount of money wagered on each horse involved  
17 in a trifecta pool.

18 Section 2844-D. Intrastate simulcasting.

19 (a) General rule.--The commission shall permit intrastate  
20 simulcasting of live horse racing between the licensed racing  
21 entities that conduct live racing.

22 (b) Simulcast signal.--The simulcast signal shall be  
23 encoded, and the racetrack receiving the simulcast signal may  
24 not send the signal anywhere other than a public location  
25 authorized under section 2829-D.

26 (c) Forms of pari-mutuel wagering.--All forms of pari-mutuel  
27 wagering described in section 2835-D shall be allowed on a HORSE <--  
28 race to be simulcasted under this section.

29 (d) Regulations.--The commission may promulgate regulations  
30 on wagering and the operation of horse racing.

1 (e) Computation of money wagered.--The money wagered by a  
2 patron on a HORSE race must be computed in the amount of money <--  
3 wagered each racing day for purposes of taxation under section  
4 2834-D.

5 (f) Definition.--As used in this section, the term "racing  
6 day" consists of a minimum of eight live races, except at  
7 thoroughbred tracks on Breeders' Cup Event Day.  
8 Section 2845-D. Commingling.

9 (a) Applicability.--This section is applicable only to  
10 licensed racing entities that conduct thoroughbred racing.

11 (b) Race secretary.--The race secretary shall receive  
12 entries and declarations as an agent for the licensed racing  
13 entity for which the race secretary acts. The race secretary or  
14 an individual designated by the licensed racing entity may  
15 receive stakes, forfeits, entrance money, jockey fees and other  
16 fees, purchase money in claiming races and other money that can  
17 properly come into the race secretary's possession as an agent  
18 for the licensed racing entity for which the race secretary or  
19 designee is acting.

20 (c) Horsemen's Account.--A licensed racing entity shall  
21 maintain a separate account, to be known as a Horsemen's  
22 Account. Money owed to owners in regard to purses, stakes,  
23 rewards, claims and deposits shall be deposited into the  
24 Horsemen's Account. Funds in the account are recognized and  
25 denominated as being the sole property of owners. Deposited  
26 funds may not be commingled with funds of the licensed racing  
27 entity unless a licensed racing entity established an  
28 irrevocable clean letter of credit with an evergreen clause in  
29 favor of the organization which represents a majority of the  
30 owners and trainers racing with the licensed racing entity. The

1 minimum amount of the credit must be the greater of \$1,000,000  
2 or 110% of the highest monthly balance in the Horsemen's Account  
3 in the immediate prior year. To calculate the monthly balance in  
4 the Horsemen's Account, the sum of the daily balances shall be  
5 divided by the number of days in the month. The evergreen clause  
6 must provide that:

7 (1) thirty days prior to the expiration of the letter of  
8 credit, the financial institution can elect not to renew the  
9 letter of credit;

10 (2) upon an election under paragraph (1), the financial  
11 institution must notify the designee of the organization that  
12 represents a majority of the owners and trainers racing with  
13 the licensed racing entity, by registered mail, return  
14 receipt requested, of the election not to renew; and

15 (3) the financial institution will honor the letter of  
16 credit for six months after expiration.

17 Purse money earned by owners shall be deposited by the licensed  
18 racing entity in the Horsemen's Account within 48 hours after  
19 the result of the race in which the money was earned has been  
20 declared official and the purse has been released by the  
21 commission.

22 (d) Accounting.--A licensed racing entity shall designate  
23 individuals authorized to receive and disburse funds from the  
24 Horsemen's Account. Individuals designated under this subsection  
25 shall be bonded to provide indemnity for malfeasance,  
26 nonfeasance and misfeasance. A certified copy of the bond shall  
27 be filed with the commission.

28 (e) Examination, access and records.--The Horsemen's Account  
29 and the investment and deposit schedules relating to the account  
30 are subject to examination, at reasonable times, by a designee



1 of the organization which represents a majority of the owners  
2 and trainers racing with the licensed racing entity and by the  
3 commission. The individual designated under subsection (d) shall  
4 provide each owner with access, at reasonable times during a  
5 racing day, to the amount of funds in the Horsemen's Account  
6 credited to that owner. At the close of a horse race meeting,  
7 the designated individual shall mail to each owner a record of  
8 deposits, withdrawals and transfers affecting the amount of  
9 funds in the Horsemen's Account credited to that owner.

10 (f) Auditing and monthly statements.--The Horsemen's Account  
11 shall be audited annually and at any other time determined by  
12 the commission. Monthly statements shall be provided to the  
13 designee of the organization which represents a majority of the  
14 owners and trainers racing with the licensed racing entity and  
15 the commission.

16 (g) Interest.--Fifty percent of the money earned as interest  
17 on funds in the Horsemen's Account shall be paid to the  
18 organization that represents a majority of the owners and  
19 trainers racing with the licensed racing entity on a weekly  
20 basis. The amount is for the benefit of the horsemen as  
21 determined by the organization that represents the majority of  
22 the owners and trainers racing with the licensed racing entity.  
23 The remaining 50% of the interest earned is for the benefit of  
24 the licensed racing entity that has the responsibility to fund  
25 the costs associated with the administration of the fund.  
26 Interest each month must be earned in an amount equal to the  
27 Federal Reserve Discount Rate on the first day of the month.  
28 Section 2846-D. Standardbred horse racing purse money.

29 A licensed racing entity that conducts standardbred HORSE  
30 racing must place on deposit with the commission by March 1 of

<--

1 each year an irrevocable letter of credit equivalent to its  
2 average weekly purse total from the immediate prior year. The  
3 commission shall hold the letter of credit in trust for the  
4 standardbred horsemen racing at that licensed racing entity's  
5 horse race meeting if the purse checks are not issued or  
6 insufficient funds are available to cover the purse checks.

7 (c) Additional Licensing Requirements for Licensed Racing  
8 Entity, Secondary Pari-mutuel Organization, Totalisator  
9 and ~~Other~~ Racing Vendors <--

10 Section 2851-D. General license requirements.

11 (a) New application.--A licensed racing entity or secondary  
12 pari-mutuel organization seeking to offer electronic wagering to  
13 individuals within this Commonwealth must apply to the  
14 commission for a license by submitting a completed License  
15 Application. Except for a licensed racing entity the license  
16 shall take effect and the secondary pari-mutuel organization may  
17 begin operations after approval by the commission.

18 (a.1) Application.--A totalisator service provider or ~~other~~ <--  
19 racing vendor, as determined by the commission, seeking to  
20 provide those services within this Commonwealth must apply to  
21 the commission for a license by submitting a completed  
22 application.

23 (b) Renewal applications.--

24 (1) A LICENSE FOR A totalisator ~~service provider or~~ <--  
25 ~~other~~ OR racing vendor ~~license~~ must be renewed annually in <--  
26 accordance with this article.

27 (2) An electronic wagering license issued to a licensed  
28 racing entity or a secondary pari-mutuel organization shall  
29 be renewed annually. An electronic wagering renewal  
30 application shall be submitted on or before 120 days before

1 the expiration of the license term. If the application is  
2 approved by the commission, the license renewal shall take  
3 effect January 1.

4 Section 2852-D. Licensing costs and fees.

5 Costs and fees are as follows:

6 (1) The applicant shall pay all costs incurred by the  
7 commission in reviewing an application for an initial  
8 license, including legal and investigative costs and the cost  
9 of other necessary outside professionals and consultants in  
10 accordance with the following:

11 (i) Except for a licensed racing entity, as an  
12 initial payment for these costs, the applicant shall  
13 submit, along with a license application, a cashier's  
14 check or certified check payable to the commission in the  
15 amount of \$50,000.

16 (ii) Any portion of the payment not required to  
17 complete the investigation shall be refunded to the  
18 applicant within 20 days of the granting, withdrawal or  
19 rejection of the initial license application.

20 (iii) To the extent additional costs will be  
21 necessary, the applicant shall submit a cashier's check  
22 or certified check payable to the commission in an amount  
23 reasonably requested by the commission within 10 days of  
24 receipt of the request. Failure to submit an additional  
25 requested payment shall result in suspension of the  
26 processing of the license application and may result in  
27 denial of the license.

28 (2) An applicant for a renewal license shall pay all  
29 reasonable costs incurred by the commission in reviewing a  
30 renewal license, including legal and investigative costs and

1 the cost of other necessary outside professionals and  
2 consultants in accordance with the following:

3 (i) The applicant shall submit a cashier's check or  
4 certified check payable to the commission in an amount  
5 reasonably requested by the commission within 10 days of  
6 receipt of request.

7 (ii) Failure to submit the payment shall result in  
8 suspension of the processing of renewing the license and  
9 may result in denial of the license.

10 (3) Initial license fee:

11 (i) The fee for an electronic wagering license under  
12 section 2851-D(a) shall be \$500,000. If an applicant that  
13 is also a Category 1 slot machine licensee or its  
14 corporate successor or affiliate paid the license fee  
15 under 4 Pa.C.S. § 1209 (relating to slot machine license  
16 fee), the fee required under this paragraph shall be  
17 deemed paid. A fee paid under this paragraph shall be  
18 deposited in the State Racing Fund or, in the case of a  
19 deemed payment, transferred to the State Racing Fund upon  
20 certification of the Secretary of the Budget.

21 (ii) The fee for an initial totalisator ~~service~~ <--  
22 ~~provider or other~~ OR racing vendor license under section <--  
23 2851-D(a.1) shall be \$25,000 and shall be deposited in  
24 the State Racing Fund.

25 (4) License renewal fee:

26 (i) The fee for an electronic wagering license  
27 renewal under section ~~2851-D(b)~~ 2851-D(B)(2) shall be <--  
28 \$100,000. If an existing licensee under this section that  
29 is also a Category 1 slot machine licensee or its  
30 corporate successor or an affiliate paid the license fee

1 under 4 Pa.C.S. § 1209, the fee required under this  
2 paragraph shall be deemed paid. A license renewal may not  
3 be issued until receipt of the license renewal fee. The  
4 license fee shall be deposited into the State Racing Fund  
5 or, in the case of a deemed payment, it shall be  
6 transferred to the State Racing Fund.

7 (ii) The fee for the renewal of a totalisator  
8 ~~service provider licensee or other~~ OR racing vendor <--  
9 license under section ~~2851-D(b)(2)~~ 2851-D(B)(1) shall be <--  
10 ~~\$25,000~~ \$5,000 and shall be deposited in the State Racing <--  
11 Fund.

12 (5) The commission shall be reimbursed for any  
13 additional costs required to implement and enforce this  
14 ~~chapter~~ ARTICLE. <--

15 (6) Beginning two years following the effective date of  
16 this paragraph, the commission may annually increase a fee,  
17 charge or cost provided for under this section by an amount  
18 not to exceed an annual cost-of-living adjustment calculated  
19 by applying the percentage change in the Consumer Price Index  
20 for All Urban Consumers (CPI-U) for the Pennsylvania, New  
21 Jersey, Delaware and Maryland area for the most recent 12-  
22 month period for which figures have been officially reported  
23 by the United States Department of Labor, Bureau of Labor  
24 Statistics, immediately prior to the date the adjustment is  
25 due to take effect.

26 Section 2853-D. License application procedures.

27 (a) Application for license.--An application for an initial  
28 or renewal license shall be in the form and manner prescribed by  
29 the commission in accordance with this ~~chapter~~ ARTICLE. The <--  
30 commission may deny a license to an applicant that provides

1 false or misleading information on or omits material information  
2 from the application. The application shall include all of the  
3 following:

4 (1) The applicant's legal name.

5 (2) The location of the applicant's principal office.

6 (3) The name, address and date of birth of each  
7 principal with a five percent or greater share of ownership  
8 or beneficial interest in the applicant.

9 (4) Audited financial statements for the last three  
10 years or, if the applicant does not have audited financial  
11 statements, financial and other pertinent information as  
12 required by the commission to determine that the applicant is  
13 financially capable of operating as a going concern and  
14 protecting accounts.

15 (5) A detailed plan of how the wagering system will  
16 operate. The commission may require changes in the proposed  
17 plan of operations as a condition of granting a license.  
18 There shall not be subsequent material changes in the plan of  
19 operations unless ordered by the commission or until approved  
20 by the commission after receiving a written request.

21 (6) A list of all personnel processing wagers on races  
22 made by residents of this Commonwealth. This list shall be  
23 kept current and be provided to the commission upon request.

24 (7) Copies of all documents required under this  
25 subsection by the commission.

26 (b) Review.--In reviewing an application, the commission may  
27 consider any information, data, report, finding or other factor  
28 available that it considers important or relevant to the  
29 determination of whether the applicant is qualified to hold a  
30 license, including all of the following:



1 improve the horse racing industry in this Commonwealth.

2 (8) The efforts of the applicant to safeguard and  
3 promote the integrity of pari-mutuel wagering in this  
4 Commonwealth.

5 (9) The economic impact of the applicant upon the  
6 Commonwealth.

7 Section 2854-D. Oral presentation by applicant.

8 (a) Application.--The application presentation shall be in  
9 accordance with all of the following:

10 (1) The commission may require an applicant to make an  
11 oral presentation prior to the ruling in order to clarify or  
12 otherwise respond to questions concerning the application as  
13 a condition to the issuance or renewal of a license.

14 (2) The presentation shall be limited to the information  
15 contained in the applicant's application and any supplemental  
16 information relevant to the commission's determination of the  
17 applicant's suitability.

18 (3) The admission as evidence of the supplemental  
19 information shall be subject to the discretion of the  
20 commission.

21 (b) Incomplete application.--If the commission deems an  
22 applicant's application incomplete and does not accept it for  
23 filing, the applicant shall not be entitled to make an oral  
24 presentation.

25 Section 2855-D. Additional information.

26 The commission may request additional information from an  
27 applicant if the additional information would assist the  
28 commission in deciding whether to issue or renew a license,  
29 including all of the following:

30 (1) Copies of any documents used by the applicant in



1 preparing the application.

2 (2) A list of each contract between the applicant and a  
3 third party related to operations. The commission may review  
4 the contracts at any time upon request.

5 Section 2856-D. Operations.

6 (a) Prior to operating requirements.--Before doing business  
7 in this Commonwealth all of the following are required of a  
8 licensee:

9 (1) Be qualified to do business in this Commonwealth.

10 (2) Submit a copy of each document required to be filed  
11 with the Department of Revenue and each document related to  
12 an audit or investigation by any Federal, State or local  
13 regulatory agency to the commission.

14 (3) Remit to the commission a copy of each document  
15 required to be filed with any Federal, State or local  
16 regulatory agency.

17 (b) Requirements.--

18 (1) A licensee shall submit quarterly reports to the  
19 commission providing amounts wagered by residents in this  
20 Commonwealth and amounts wagered on races in this  
21 Commonwealth.

22 (2) A licensee shall enter into an agreement with each  
23 licensed racing entity in this Commonwealth on whose races  
24 the licensee offers wagering regarding payment of host fees  
25 and any other applicable fees, costs or payments of any kind  
26 to be paid to the licensed racing entity. The licensed racing  
27 entity and the applicable horsemen's organization shall  
28 negotiate a separate agreement for contributions to the purse  
29 account.

30 (3) A licensee shall not commingle account funds with

1 other funds.

2 (4) A licensee shall provide quarterly financial  
3 statements to the commission for the first calendar year of  
4 operation if the licensee does not have audited financial  
5 statements for the last three years as referenced in section  
6 2853-D(a)(4).

7 (5) A licensee shall use and communicate pari-mutuel  
8 wagers to a totalisator licensed by the commission.

9 (6) A licensee shall operate and communicate with the  
10 totalisator in such a way as not to provide or facilitate a  
11 wagering advantage based on access to information and  
12 processing of wagers by account holders relative to  
13 individuals who wager at licensed racing entities or  
14 simulcast facilities.

15 (7) All personnel processing wagers made by residents of  
16 this Commonwealth shall be licensed by the commission.

17 (8) Accounts shall only be accepted in the name of an  
18 individual and shall not be transferable. Only individuals  
19 who have established accounts with a licensee may wager  
20 through a licensee.

21 (9) Each account holder shall provide personal  
22 information as the licensee and the commission require,  
23 including all of the following:

24 (i) Name.

25 (ii) Principal residence address.

26 (iii) Telephone number.

27 (iv) Social Security number.

28 (v) Date of birth.

29 (vi) Other information necessary for account  
30 administration.

1       (10) The information supplied by the account holder  
2 shall be verified by the licensee using means acceptable to  
3 the commission. A secondary pari-mutuel organization must  
4 verify that the account holder does not reside within the  
5 primary market area of a licensed racing entity.

6       (11) The licensee shall provide each account holder a  
7 secure personal identification code and password to be used  
8 by the account holder to confirm the validity of every  
9 account transaction.

10       (12) An employee or agent of the licensee shall not  
11 disclose any confidential information except the following:

12           (i) To the commission.

13           (ii) To the account holder as required by this  
14 chapter ARTICLE.

15           (iii) To the licensee and its affiliates.

16           (iv) To the licensed racing entity as required by  
17 the agreement between the licensee and the licensed  
18 racing entity.

19           (v) As otherwise required by law.

20       (13) The licensee shall provide each account holder a  
21 copy of account holder rules and the terms of agreement and  
22 other information and materials that are pertinent to the  
23 operation of the account.

24       (14) The licensee may refuse to establish an account if  
25 it is found that any of the information supplied is false or  
26 incomplete or for any other reason the licensee deems  
27 sufficient.

28       (15) Each account shall be administered in accordance  
29 with the account holder rules and the terms of agreement  
30 provided to account holders, including:

<--

- 1           (i) Placing of wagers.
- 2           (ii) Deposits to accounts.
- 3           (iii) Credits to accounts.
- 4           (iv) Debits to accounts.
- 5           (v) Refunds to accounts.
- 6           (vi) Withdrawals from accounts.
- 7           (vii) Minimum deposit requirements.
- 8           (viii) Fees per wager.
- 9           (ix) Rebates.

10           (16) Each licensee shall have protocols in place and  
11 shall publicize to its account holders when the wagers are  
12 excluded from a host racetrack's wagering pool. These  
13 protocols shall include an immediate electronic mail message  
14 to affected account holders and immediate posting on the  
15 licensee's publicly accessible Internet website.

16           (17) A licensee shall maintain complete records of the  
17 application and the opening of an account for the life of the  
18 account plus two additional years. A licensee shall also  
19 maintain complete records of the closing of an account for  
20 two years after closing. These records shall be provided to  
21 the commission upon request.

22           (18) A licensee shall maintain complete records of all  
23 transactions, including deposits, credits, debits, refunds,  
24 withdrawals, fees, wagers, rebates and earnings for two  
25 years. These records shall be provided to the commission upon  
26 request.

27           (19) All wagering conversations, transactions or other  
28 wagering communications, verbal or electronic, shall be  
29 recorded by means of the appropriate electronic media and the  
30 tapes or other records of the communications shall be kept by

1 the licensee for a period of two years. These tapes and other  
2 records shall be made available to the commission upon  
3 request.

4 (20) The recording of the confirmation of the  
5 transaction, as reflected in the voice or other data  
6 recording, shall be deemed to be the actual wager regardless  
7 of what was recorded by the totalisator.

8 (21) A licensee shall not accept wagers if its recording  
9 system is not operable.

10 (22) The commission may monitor the equipment and staff  
11 and review the records of a licensee and any of the  
12 transactions conducted by the licensee with regards to wagers  
13 made by residents of this Commonwealth.

14 (23) A licensee may suspend or close any account for  
15 violation of the account holder rules and the terms of  
16 agreement or any other reason it deems sufficient, if the  
17 licensee returns to the account holder all money then on  
18 deposit within seven calendar days.

19 Section 2857-D. Transfers of licenses.

20 A transfer of licenses shall be done in accordance with the  
21 following:

22 (1) A license issued under this ~~chapter~~ ARTICLE shall <--  
23 not be transferable or assignable.

24 (2) A substantial change in ownership in a licensee  
25 shall result in termination of the license unless prior  
26 written approval has been obtained from the commission. A  
27 request for approval of a substantial change in ownership  
28 shall be made on a form designated by the commission. Upon  
29 receipt of all required information, the commission shall, as  
30 soon as practicable, make a determination whether to

1 authorize and approve the substantial change in ownership.

2 (3) Notice of a nominal change in ownership shall be  
3 filed with the commission within 15 days of the execution of  
4 the documents upon which the proposed nominal change in  
5 ownership will be based.

6 (4) For purposes of paragraph (3), notice is not  
7 required for any of the following:

8 (i) A nominal change in ownership if the licensee is  
9 a publicly traded corporation.

10 (ii) The transfer of an ownership interest in a  
11 licensed racing entity, whether substantial or nominal,  
12 direct or indirect, if by a publicly traded corporation,  
13 and if the beneficial ownership transferred is acquired  
14 by an individual who holds the voting securities of the  
15 publicly traded corporation for investment purposes only.

16 (5) Any attempt to effect a substantial change in  
17 ownership under this section if not done so in writing shall  
18 be considered void by the commission.

19 Section 2858-D. Duration of license.

20 A license issued under this ~~chapter~~ ARTICLE shall be valid <--  
21 for one calendar year for which the license is issued.

22 Section 2859-D. Penalties and enforcement.

23 All of the following apply:

24 (1) The commission shall have all of the rights, powers  
25 and remedies necessary to ~~carryout this chapter~~ CARRY OUT <--  
26 THIS ARTICLE and to ensure compliance with this ~~chapter~~ <--  
27 ARTICLE, including revocation, suspension or modification of <--  
28 a license and the imposition of fines under section 2825-D.

29 (2) With respect to an individual or entity that offers  
30 pari-mutuel wagering to residents of this Commonwealth

1 without a license issued by the commission, the commission  
2 may take the measures deemed necessary, including referral to  
3 the appropriate regulatory and law enforcement authorities  
4 for civil action or criminal penalties.

5 (3) Upon the finding of a violation by a secondary pari-  
6 mutuel organization or totalisator of this ~~chapter~~ ARTICLE or <--  
7 of a commission regulation or order or upon the finding of  
8 unlicensed electronic or advanced deposit account wagering by  
9 an individual or entity, the commission may impose a fine as  
10 authorized under section 2825-D.

11 (d) Compliance

12 Section 2861-D. Tax compliance requirement.

13 (a) Applicant.--An applicant must be tax compliant to be  
14 eligible for a license ~~or permit~~ issued under this article. Upon <--  
15 receipt of an application for a license ~~or permit~~, the <--  
16 commission shall request the Department of Revenue to conduct a  
17 tax compliance review of the applicant.

18 (b) Licensees.--A licensee must be tax compliant to be  
19 eligible for renewal of a license ~~or permit~~ issued under this <--  
20 article. Prior to renewing a license ~~or permit~~, the commission <--  
21 shall request the Department of Revenue to conduct a tax  
22 compliance review of the licensee.

23 (c) Commissioners and commission employees.--An individual  
24 must be tax compliant to be eligible to serve as a commissioner  
25 or to be employed by the commission. Commissioners and  
26 commission employees shall be subject to an annual tax  
27 compliance review to ensure they are tax compliant. This  
28 subsection may not apply to commission employees subject to a  
29 collective bargaining agreement.

30 (d) Contractors.--Each contractor of the commission shall be

1 subject to an annual tax compliance review to ensure that the  
2 contractor is tax compliant.

3 (e) Review.--The tax compliance review under subsection (a)  
4 and (b) and the annual tax compliance review under subsections  
5 (c) and (d) must be performed on the dates as determined by the  
6 commission.

7 (f) Definitions.--For purposes of this section, the  
8 following words and phrases shall have the following meanings:

9 "Tax compliant." Being current with all applicable  
10 Commonwealth tax filing and reporting obligations for any  
11 applicable tax year and current with payment of any balance of  
12 tax, interest or penalty due the Commonwealth as determined by  
13 the Department of Revenue for an applicable tax year.

14 "Tax compliance review." The process by which the Department  
15 of Revenue determines whether an individual or entity is tax  
16 compliant.

17 (e) Medication Rules and Enforcement Provisions  
18 Section 2871-D. Mandatory requirements for medication rules.

19 (a) When a licensed racing entity conducts a horse race  
20 meeting with pari-mutuel wagering the commission shall have in  
21 effect rules or regulations to control the use and  
22 administration of any medication and the use and administration  
23 of any device that affects the performance of a race horse. The  
24 ~~commissions~~ COMMISSION may establish permitted tolerance levels <--  
25 and therapeutic dose allowances for all medication to be used or  
26 administered to a race horse. commission shall adopt a  
27 comprehensive schedule of equine drugs, medications, therapeutic  
28 substances or metabolic derivatives which are authorized to be  
29 administered to race horses, including tolerance levels. In  
30 order to properly determine the schedule of drugs and the



1 tolerance levels under this subsection, the commission may  
2 conduct research or contract with a vendor to conduct the  
3 research. The commission may consult with the Pennsylvania Board  
4 of Veterinary Medicine, academic institutes and associations  
5 representing the majority of the horse owners and experts.

6 (b) The commission shall establish in their rules or  
7 regulations penalty provisions for the violation of these rules  
8 or regulations.

9 Section 2872-D. Establishment of Pennsylvania Race Horse  
10 Testing Program.

11 (a) There is hereby established the Pennsylvania Race Horse  
12 Testing Program. The program shall be administered by the  
13 commission. All costs of the program shall be paid by the  
14 appropriations allocated under section 2874-D. The program shall  
15 be administered by the commission. All costs of the program  
16 shall be paid by the appropriations under section 2874-D.

17 (b) The purposes of the Pennsylvania Race Horse Testing  
18 Program are to analyze samples for the presence in race horses  
19 of any medication, to develop techniques, equipment and  
20 procedures, to collect and test for the presence of medication  
21 in race horses, to ascertain permitted tolerance levels or  
22 therapeutic dose allowances for medication, to offer  
23 consultation and advice to the public on all issues regarding  
24 the medication of race horses and to conduct research in  
25 medication issues involving race horses.

26 Section 2873-D. Equipment, supplies and facilities.

27 The costs of all equipment, supplies and facilities, except  
28 holding barns or stables, to be located at race horse meeting  
29 facilities, grounds or enclosures or at other locations  
30 designated by the management committee shall be paid by the

1 commission.

2 Section 2874-D. Costs of the enforcement of medication rules or  
3 regulations.

4 (a) Authorization.--Beginning July 1, 2016, and each year  
5 thereafter, the General Assembly shall authorize the transfer of  
6 funds from the Pennsylvania Race Horse Development Fund to the  
7 State Racing Fund to provide for each cost associated with the  
8 collection and research of and testing for medication, which  
9 shall include the cost of necessary personnel, equipment,  
10 supplies and facilities, except holding barns or stables, to be  
11 located at horse race facilities, grounds or enclosures or at  
12 other locations designated by the commission. All such costs  
13 shall be reviewed and approved by the commission. The transfer  
14 shall be made in 52 equal weekly installments during the fiscal  
15 year before any other distribution from the Pennsylvania Race  
16 Horse Development Fund.

17 (b) Expiration.--Subsection (a) shall expire at 11:59 p.m.  
18 on June 30, 2020. After June 30, 2020, all costs for the  
19 Pennsylvania Race Horse Testing Program and the collection and  
20 testing of samples for any manner of medication shall be paid by  
21 the commission.

22 Section 4.1. No later than one year after the effective date  
23 of this section, the Joint State Government Commission, with  
24 assistance from the Independent Fiscal Office, shall conduct a  
25 study and provide a report to the chairperson and minority  
26 chairperson of the Agriculture and Rural Affairs Committee of  
27 the Senate and the chairperson and minority chairperson of the  
28 Agriculture and Rural Affairs Committee of the House of  
29 Representatives. The report shall include an assessment of the  
30 financial, regulatory and market factors listed under paragraphs

1 (1), (2), (3), (4), (5), (6), (7), (8) ~~and (9)~~, (9) AND (10) and <--  
2 shall offer recommendations on best practices in each area for  
3 the Commonwealth to consider. The study shall provide an  
4 assessment of and recommendation on the following:

5 (1) Potential cost savings and regulatory streamlining  
6 in the oversight of racing, including those associated with  
7 combining Pennsylvania's gaming oversight functions, such as  
8 horse racing, casino gaming and lottery, into a single,  
9 coordinated entity.

10 (2) The necessity, efficiency and benefits of having  
11 separate racing commissions or divisions within a single  
12 commission for thoroughbred and harness tracks.

13 (3) A determination of best regulatory practices in  
14 other jurisdictions, such as New York, Ohio and Maryland and  
15 other states or provinces and comparing Pennsylvania's  
16 approach against the best regulatory practices in other  
17 jurisdictions.

18 (4) In addition to the Auditor General's June 17, 2014,  
19 Special Performance Audit of the State Racing Fund, a  
20 determination of what safeguards and policies can be  
21 implemented to avoid future inappropriate Department of  
22 Agriculture cost allocations to the racing commissions.

23 (5) An evaluation of the cost effectiveness of the  
24 Pennsylvania Equine Toxicology Research Laboratory and  
25 comparing the laboratory's functions to other jurisdictions.

26 (6) Consideration of the imposition of increased fines  
27 and the assessment of Pennsylvania Equine Toxicology Research  
28 Laboratory costs against those found to have engaged in the  
29 impermissible doping of race horses and examination of how to  
30 strengthen property owner rights in the ejection of bad

1 actors in racing.

2 (7) A determination of the economic return to the  
3 Commonwealth, racetrack operators, horsemen, breeders and  
4 other stakeholders on the investment of gaming assessments  
5 collected under the act of July 5, 2004 (P.L.572, No.71),  
6 entitled, "An act amending Title 4 (Amusements) of the  
7 Pennsylvania Consolidated Statutes, authorizing certain  
8 racetrack and other gaming; providing for regulation of  
9 gaming licensees; establishing and providing for the powers  
10 and duties of the Pennsylvania Gaming Control Board;  
11 conferring powers and imposing duties on the Department of  
12 Revenue, the Department of Health, the Office of Attorney  
13 General, the Pennsylvania State Police and the Pennsylvania  
14 Liquor Control Board; establishing the State Gaming Fund, the  
15 Pennsylvania Race Horse Development Fund, the Pennsylvania  
16 Gaming Economic Development and Tourism Fund, the Compulsive  
17 and Problem Gambling Treatment Fund and the Property Tax  
18 Relief Fund; providing for enforcement; imposing penalties;  
19 making appropriations; and making related repeals."

20 (8) A determination of the nature of thoroughbred and  
21 standardbred breeding in this Commonwealth since the  
22 enactment of the act of July 5, 2004 (P.L.572, No.71), and  
23 comparing it to the nature of breeding before enactment of  
24 the act of July 5, 2004 (P.L.572, No.71).

25 (9) A determination of how Pennsylvania's race horse  
26 industry and regulatory entities can best be positioned for  
27 future success or at a minimum financial stability in an  
28 environment of declining race track patrons and handle,  
29 competition from live racing from neighboring states and the  
30 increasing availability of alternative gaming platforms, such

1 as Internet and mobile gaming and fantasy sports.  
2 Specifically, the study shall consider options for reforming  
3 and promoting horse ~~racing~~ RACE meetings that will increase <--  
4 handle, reduce racing costs, promote the health of the horse  
5 and advance the best interests of racing fans and bettors.

6 (10) An assessment of live racing marketing programs at  
7 each track and the impact on pari-mutuel wagering and public  
8 attendance on race days. This assessment shall include  
9 marketing or advertising expenditures and the return on  
10 investment of those expenditures specific to racing.

11 Section 5. Repeals are as follows:

12 (1) The General Assembly declares that the repeal under  
13 paragraph (2) is necessary to effectuate the addition of  
14 sections 2801-D, 2822-D, 2829-D, 2830-D and 2834-D of the  
15 act.

16 (2) Article XVI-B of the act of March 4, 1971 (P.L.6,  
17 No.2), known as the Tax Reform Code of 1971, is repealed.

18 (3) The repeal under paragraph (4) is necessary to  
19 effectuate the addition of Article ~~XVIII-D~~ XXVIII-D of the <--  
20 act.

21 (4) The act of December 17, 1981 (P.L.435, No.135),  
22 known as the Race Horse Industry Reform Act, is repealed.

23 Section 6. This act shall take effect as follows:

24 (1) The following provisions shall take effect  
25 immediately:

26 ~~(i) The addition of the following provisions of the <--~~  
27 ~~act:~~

28 ~~(A) Section 2811 D.~~

29 ~~(B) Section 2834 D.~~

30 ~~(C) Section 2874 D.~~

1           ~~(ii) Section 3 of this act.~~

2           ~~(iii) Section 4 of this act.~~

3           (I) THE ADDITION OF ARTICLE XXVIII-D OF THE ACT.           <--

4           ~~(iv) (II) Section 4.1 of this act.~~                           <--

5           (III) SECTION 5 OF THIS ACT.                                   <--

6           ~~(v) (IV) This section.~~                                       <--

7           (2) The amendment of section 614-A(13)(iii) of the act  
8 shall take effect in 60 days.

9           (3) The remainder of this act shall take effect in 90  
10 days.