

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 618

Session of
1971

INTRODUCED BY MAZZEI, McCREESH, LAMB, ARLENE, MELLOW, MURRAY,
MESSINGER, HOBBS, EWING, CONFAIR, ZEMPRELLI, MURPHY AND
ROVNER, APRIL 21, 1971

AS AMENDED ON THIRD CONSIDERATION, MAY 10, 1971

AN ACT

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

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

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

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

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

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

19 (2) "Division" shall mean the Division of the State Lottery

1 created by this act.

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

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

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

7 Section 4. State Lottery Commission; Chairman.--There is
8 hereby created within the Department of Revenue a Division of
9 the State Lottery which shall include a State Lottery
10 Commission.

11 The commission shall consist of a chairman and four members,
12 all of whom shall be citizens and residents of the State. No
13 more than three of the five members shall belong to the same
14 political party. The chairman shall be appointed by the
15 Governor, by and with the advice and consent of two-thirds of
16 all the members of the Senate, and shall hold office at the
17 pleasure of the Governor. The members of the commission shall be
18 appointed by the Governor, by and with the advice and consent of
19 two-thirds of all the members of the Senate. The members of the
20 commission shall hold office for four years ~~and until their~~ <—
21 ~~successors are.~~ NO MEMBER, UPON THE EXPIRATION OF HIS TERM, <—
22 SHALL CONTINUE TO HOLD OFFICE UNTIL HIS SUCCESSOR IS appointed
23 and qualified. Of the members first taking office, two shall be
24 appointed for a term of one year and two for a term of two
25 years. The members of the commission shall receive actual and
26 necessary expenses incurred by them in the performance of their
27 duties, together with a per diem allowance to be paid by the
28 Governor's Office for each day spent in the performance of their
29 duties. Vacancies in the commission occurring otherwise than by
30 expiration of term shall be filled for the unexpired term in the

1 same manner as original appointments. Any member of the
2 commission, other than the chairman, may, after notice and
3 opportunity to be heard, be removed by the Governor for neglect
4 of duty, misfeasance, malfeasance or nonfeasance in office.

5 Three of the members of the commission shall constitute a
6 quorum to do business.

7 The director shall act as secretary and executive officer of
8 the commission.

9 Section 5. Powers and Duties of Commission.--The commission
10 shall advise and make recommendations to the Secretary of
11 Revenue regarding the functions and operations of the State
12 lottery.

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

14 (a) In addition to the powers and duties provided by law and

15 "The Administrative Code of 1929," the Secretary of Revenue

16 shall have the power and it shall be his duty to operate and

17 administer the lottery, and to promulgate rules and regulations

18 governing the establishment and operation thereof, including but

19 not limited to:

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

21 (2) The price, or prices, of tickets or shares in the

22 lottery.

23 (3) The numbers and sizes of the prizes on the winning

24 tickets or shares.

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

26 (5) The manner of payment of prizes to the holders of

27 winning tickets or shares.

28 (6) The frequency of the drawings or selections of winning

29 tickets or shares, without limitation.

30 (7) Without limit as to number, the type or types of

1 locations at which tickets or shares may be sold.

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

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

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

10 (11) The apportionment of the total revenues accruing from
11 the sale of lottery tickets or shares and from all other sources
12 among (i) the payment of prizes to the holders of winning
13 tickets or shares; (ii) the payment of costs incurred in the
14 operation and administration of the lottery, including the
15 expenses of the division and the costs resulting from any
16 contract or contracts entered into for promotional, advertising
17 or operational services or for the purchase or lease of lottery
18 equipment and materials; (iii) for the repayment of the moneys
19 appropriated to the State Lottery Fund pursuant to section 16 of
20 this act; and (iv) for property tax relief for the elderly as
21 provided in section 12 of this act: Provided, however, That no
22 less than thirty per cent of the total revenues accruing from
23 the sale of lottery tickets or shares shall be dedicated to
24 subclause (iv) above.

25 (12) Such other matters necessary or desirable for the
26 efficient and economical operation and administration of the
27 lottery and for the convenience of the purchasers of tickets or
28 shares and the holders of winning tickets or shares.

29 (b) To report monthly to the Governor and the Legislature
30 the total lottery revenues, prize disbursements and other

1 expenses for the preceding month, and to make an annual report,
2 which shall include a full and complete statement of lottery
3 revenues, prize disbursements and other expenses, to the
4 Governor and the Legislature, and including such recommendations
5 for changes in this act as the secretary deems necessary or
6 desirable.

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

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

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

17 (4) The volume of expected sales.

18 For the purposes of this section, the term "person" shall be
19 construed to mean and include an individual, association,
20 corporation, club, trust, estate, society, company, joint-stock
21 company, receiver, trustee, assignee, referee, or any other
22 person acting in a fiduciary or representative capacity, whether
23 appointed by a court or otherwise, and any combination of
24 individuals. "Person" shall also be construed to mean and
25 include all departments, commissions, agencies and
26 instrumentalities of the State, including counties and
27 municipalities and agencies and instrumentalities thereof.

28 (b) If the secretary shall find that the experience,
29 character and general fitness of the applicant are such that the
30 participation of such person as a lottery sales agent will be

1 consistent with the public interest, convenience and necessity,
2 it may thereupon grant a license.

3 Without limiting the generality of the foregoing, the
4 secretary may refuse to issue a license pursuant to this
5 section, or may suspend or revoke a license so issued if it
6 shall find that the applicant or licensee:

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

8 (2) Has engaged in bookmaking or other form of illegal
9 gambling.

10 (3) Has been found guilty of any fraud or misrepresentation
11 in any connection.

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

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

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

26 (2) The experience, character, or general fitness of any
27 officer, director, or stockholder of any of the aforesaid
28 corporations is such that the participation of such person as a
29 lottery sales agent would be inconsistent with the public
30 interest, convenience or necessity, but if the secretary

1 determines that the interest of any stockholder referred to in
2 this clause or in clause (1) of this subsection is sufficient,
3 in the opinion of the secretary, to affect adversely the conduct
4 of a lottery sales agency by such corporation in accordance with
5 the provisions of this act, the secretary may disregard such
6 interest in determining whether or not to grant a license to
7 such corporation.

8 (3) The applicant is not the owner or the lessee of the
9 business at which it will conduct a lottery sales agency
10 pursuant to the license applied for, or that any person, firm,
11 association, or corporation other than the applicant shares, or
12 will share, in the profits of the applicant, other than by
13 dividends as a stockholder, or participates, or will
14 participate, in the management of the affairs of the applicant.

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

19 Section 8. Assignability of Prizes Drawn.--No right of any
20 person to a prize drawn shall be assignable, except that payment
21 of any prize drawn may be paid to the estate of a deceased prize
22 winner, and, except that any person pursuant to an appropriate
23 judicial order may be paid the prize to which the winner is
24 entitled. The secretary shall be discharged of all further
25 liability upon payment of a prize pursuant to this section.

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

30 (b) No person other than a licensed lottery sales agent

1 shall sell lottery tickets or shares, except that nothing in
2 this section shall be construed to prevent any person from
3 giving lottery tickets or shares to another as a gift.

4 Any person convicted of violating this section shall be
5 guilty of a misdemeanor and upon conviction thereof, shall be
6 sentenced to pay a fine not exceeding five hundred dollars
7 (\$500).

8 Section 10. Sales to Certain Persons Prohibited; Penalty.--
9 No ticket or share shall be sold to any person under the age of
10 twenty-one years. The identification card issued by the Liquor
11 Control Board shall constitute proof of age. For the purpose of
12 making a gift, a person twenty-one years of age or older may
13 purchase a ticket or share for the benefit of a person less than
14 that age.

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

20 No ticket or share shall be sold to and no prize shall be
21 awarded to any officer or employe of the Department of Revenue
22 or any spouse, child, brother, sister or parent residing as a
23 member of the same household in the principal place of abode of
24 any of the foregoing persons.

25 Section 11. Other Laws Inapplicable.--No other law providing
26 any penalty or disability for the sale of lottery tickets or
27 shares or any acts done in connection with a lottery shall apply
28 to the sale of tickets or shares or acts performed pursuant to
29 this act.

30 Section 12. Disposition of Funds from Sale of Tickets or

1 Shares.--(a) All moneys received from the operation of the State
2 lottery shall be deposited in a State Lottery Fund which is
3 hereby created. Such moneys shall be used to the extent
4 necessary for the payment of lottery prizes but the amount so
5 used shall not be less than forty per cent of the amount of
6 which tickets or shares have been sold. All payments of lottery
7 prizes and for expenses of operation of the lottery shall be
8 made as provided by law. All moneys remaining after payment of
9 prizes and operating expenses shall be allocated for the
10 exclusive purpose of providing property tax relief for the
11 elderly pursuant to the provisions of the act of March 11, 1971
12 (Act No. 3), known as the "Senior Citizens Property Tax
13 Assistance Act." In the event sufficient funds are not available
14 from the lottery receipts to meet the requirements of the act of
15 March 11, 1971 (Act No. 3), known as the "Senior Citizens
16 Property Tax Assistance Act," additional funds to fulfill this
17 obligation shall be appropriated from the General Fund for this
18 purpose.

19 (b) The moneys in said State Lottery Fund shall be
20 appropriated only:

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

23 (2) For the expenses of the division in its operation of the
24 lottery;

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

27 (4) For the repayment to the General Fund of the amount
28 appropriated to the fund pursuant to section 16 of this act.

29 Section 13. Exemption of Lottery Prizes from State and Local
30 Taxation.--No State or local taxes of any kind whatsoever shall

1 be imposed upon the proceeds from a prize awarded by the State
2 lottery.

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

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

27 Section 16. Appropriation.--There is hereby appropriated the
28 sum of one million dollars (\$1,000,000), or so much thereof as
29 is necessary for the establishment of the State lottery and the
30 Division of the State Lottery in the Department of Revenue. The

1 Department of Revenue shall reimburse the General Fund from
2 receipts from sale of lottery tickets or shares the actual
3 amount of money expended from said appropriation within one year
4 of the date of the first lottery drawing.

5 Section 17. Effective Date.--This act shall take effect
6 immediately except that no sale of tickets or shares shall be
7 made or drawings for prizes held before July 1, 1971.