
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 653

Session of
1983

INTRODUCED BY HALUSKA, REBER, PETRARCA, WOZNIAK, WOGAN, DeLUCA,
HARPER, RICHARDSON, KOSINSKI AND CAWLEY, APRIL 6, 1983

REFERRED TO COMMITTEE ON STATE GOVERNMENT, APRIL 6, 1983

AN ACT

1 Providing for licensing and placement of slot machines within
2 the Commonwealth; creating the State Gambling Commission;
3 providing powers and duties; providing for enforcement
4 agents; prohibiting slot machine use by minors; providing for
5 local option; and providing for distribution of revenues to
6 the Commonwealth to be used for specified purposes.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Slot Machine
10 Law.

11 Section 2. Definitions.

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

15 "Commission." The State Gambling Commission as created by
16 this act.

17 "Gross revenues." All revenues derived from the licensing of
18 the slot machines by the commission.

19 "Net revenues." All revenues derived from the licensing of
20 the slot machines by the commission, after the deduction of
21 salaries and expense of operation and maintenance.

22 "Participating counties from which revenues are derived."
23 Participating counties wherein any gross revenues from the
24 licensing of slot machines originate.

25 "Participating county." Any county that elects through the
26 local option provisions of this act to permit the licensing of
27 slot machines by the commission within its boundaries.

28 "Qualified sleeping units." The number of rooms actually
29 available for rental which are at least 325 square feet measured
30 to the center of perimeter walls, including bathroom and closet

1 space and excluding hallways, balconies and lounges.

2 "Resort." A hotel that in addition to providing lodging and
3 other services customarily associated with the business of
4 hostelry, has devoted substantial space to public recreational
5 pursuits, both indoors and outdoors, such as dining,
6 entertainment, sports, theaters, dancehalls, swimming pools,
7 tennis courts, golf courses, riding stables and such other
8 activities as are normally associated with recreation and
9 vacation that are beyond the requirements of mere transient
10 guests.

11 "Slot machine." Any mechanical or electronic device that
12 receives coins or tokens for the opportunity to win more coins
13 or tokens, whether or not they are received immediately
14 succeeding play or subsequent thereto, at payoff ratios to be
15 determined by the commission. No machine shall exceed the coin
16 play of 25¢.

17 Section 3. Gambling commission.

18 (a) An independent commission to be known as the State
19 Gambling Commission is hereby created. The commission shall
20 consist of five members to be appointed by the Governor, with
21 the advice and consent of two-thirds of the Senate.

22 (b) Of the original members, one shall be appointed for a
23 term of two years, one for a term of three years, one for a term
24 of four years, one for a term of five years and one for a term
25 of six years. Thereafter, all appointments shall be for terms of
26 six years or until successors are appointed and qualified.

27 (c) No more than three members of the commission shall be
28 registered under the same political party.

29 (d) Each member of the commission shall receive an annual
30 salary as fixed by law.

1 Section 4. Qualifications.

2 (a) Each member of the commission at the time of his
3 appointment and qualification shall be a citizen of the United
4 States and a resident of this Commonwealth, shall have been a
5 qualified elector in this Commonwealth for a period of at least
6 one year preceding his appointment, and shall be not less than
7 30 years of age.

8 (b) No member of the commission shall, during his period of
9 service, hold any other office under the laws of this
10 Commonwealth or of the United States or seek elected office of
11 any kind within this Commonwealth or the United States.

12 Section 5. Chairman of the commission; quorum.

13 (a) The commission shall elect one of its members as
14 chairman. The chairman shall, when present, preside at all
15 meetings. In his absence, a designated member shall preside.

16 (b) Three members of the commission shall constitute a
17 quorum and any action or order of the commission shall require
18 the approval of at least three members.

19 Section 6. Director.

20 The commission may appoint a director to hold office at its
21 pleasure. The director, if appointed, shall have such powers and
22 shall perform such duties not contrary to law as the commission
23 shall prescribe, and shall receive compensation as the
24 commission shall determine, with the approval of the Governor.
25 The director shall have the power and authority to designate a
26 deputy director to perform the duties of the director during his
27 absence.

28 Section 7. Bonds.

29 Before entering upon the duties of their respective offices
30 or positions, each member of the commission and the director

1 shall execute and file with the State Treasurer a bond in such
2 penal sum as shall be fixed by the Executive Board of this
3 Commonwealth upon recommendation of the Governor, but the amount
4 of any bond shall not be less than \$50,000. Bonds in such penal
5 sums as shall be fixed by the Executive Board likewise shall be
6 executed and filed with the State Treasurer by employees of the
7 State Gambling Commission as the head of such board shall
8 prescribe, with the approval of the Executive Board. Bonds shall
9 be payable to the Commonwealth and shall be conditioned for the
10 faithful performance of the members', secretary's or employees'
11 duties imposed by law or by lawful authority and that the person
12 bonded will not knowingly violate the provisions of this act.
13 All bonds required to be given under this section shall, before
14 being accepted by the State Treasurer, be approved by the Office
15 of Attorney General. Unless the Commonwealth shall establish its
16 own indemnity fund, all such bonds shall be given with security
17 approved by the Office of Attorney General. If the Commonwealth
18 shall establish its own indemnity fund, the Executive Board may,
19 nevertheless, require any bond given to be executed by a surety
20 or sureties satisfactory to the Office of Attorney General. The
21 cost of such bonds required to be executed by a surety or
22 sureties shall be borne by the commission as part of its
23 operating expense.

24 Section 8. Powers and duties of the commission.

25 The commission shall have the power and its duty shall be to:

26 (1) Provide for licensing procedures for the placement
27 of slot machines.

28 (2) Prescribe the form for licensing applications and
29 for licenses.

30 (3) Issue licenses permitting the placement of slot

1 machines in certain approved establishments.

2 (4) Prescribe the rules and regulations for the games,
3 types of games and machines permissible, and the supervision
4 and placement of the slot machines.

5 (5) Set the winning percentages of the machines.
6 No machines may pay off at a rate of less than 83%.

7 (6) Select the types of makes of slot machines that will
8 be installed upon the approval of the commission.

9 (7) Suspend and revoke licenses for violations of this
10 act or the rules and regulations promulgated thereunder.

11 (8) Hold hearings, on request, for the denial or refusal
12 to grant a license, or for the revocation or suspension of a
13 license.

14 (9) Monitor the use, maintenance and service of the slot
15 machines.

16 (10) Prescribe rules and regulations for the conduct of
17 the officers, employees and agents of the commission.

18 (11) Prescribe rules and regulations as may be necessary
19 to carry out the provisions of this act.

20 Section 9. Enforcement agents.

21 (a) Such employees of the commission as are designated
22 "enforcement agents" are hereby empowered to investigate and
23 review the background and associates of every license applicant,
24 to whatever extent is judged necessary by the commission. No
25 investigation shall be undertaken prior to the submission of an
26 application for a license by a party and no investigation shall
27 continue subsequent to the grant of a license, the denial of a
28 license or the withdrawal of license application.

29 (b) Enforcement agents are empowered to be peace officers
30 and shall have the police power and authority throughout the

1 Commonwealth to arrest on view, or under warrant, any person
2 tampering with slot machines, attempting or conspiring to
3 manipulate the outcome or the payoff of any slot machine, or of
4 manipulating the outcome or payoff of any slot machine, by
5 physical tampering or through the interference of the lawful and
6 proper functioning of the mechanism by any means whatsoever.

7 (c) Further, enforcement agents are empowered to investigate
8 any alleged illegal activities concerning slot machines and
9 their operation, maintenance and placement. Findings shall be
10 reported in writing to the commission which shall relay any
11 suspected criminal activity or violations of the law to the
12 district attorney for prosecution.

13 Section 10. Authority to issue licenses to public operators.

14 Subject to the provisions of this act and the rules and
15 regulations promulgated under this act, the commission shall
16 have the authority to issue a slot machine license for any
17 premises kept or operated by a hotel, restaurant, club or
18 resort, entitling the specified hotel, restaurant, club or
19 resort to install, operate and make available to the general
20 public such slot machines as the commission shall permit within
21 the following guidelines:

22 (1) Restaurants and clubs shall be limited to no more
23 than ten slot machines for any single license.

24 (2) Each restaurant or club must possess a valid liquor
25 license as issued by the Pennsylvania Liquor Control Board,
26 prior to application for and issuance of, the slot machine
27 license. Such liquor license must be maintained in good
28 standing at all times during the maintenance of the slot
29 machine license. The revocation, suspension, sale or other
30 termination or transfer, in any fashion, of the liquor

license, shall operate to revoke the slot machine license immediately.

(3) Hotels shall be limited to a ratio of slot machines to the number of qualifying sleeping units as set forth below:

Minimum Number Qualified Sleeping Units	Maximum Number of Slot Machines Permitted
50	10
100	20
200	40
300	50
400	60
500	70
1000	150
1500	225
2000	325

Section 11. Slot machine use by minors.

(a) No person less than 21 years of age shall use or play the slot machines in any manner or form, or through any agency. Any minor using or playing a slot machine, or attempting to use or play a slot machine shall, upon conviction, be liable for a fine not in excess of \$1,000.

(b) Any licensee who permits a person less than 21 years of age to play or use the slot machines in any fashion, whether that licensee is actually aware of the minor's age or not, shall upon conviction be liable for a fine not in excess of \$5,000.

The establishment of all the following facts by a person allowing such minor to operate the slot machines shall constitute a defense to any prosecution under this subsection:

(1) That the minor falsely represented in writing that

1 he was 21 years of age or over.

2 (2) That the appearance of the minor was such that an
3 ordinary person of prudent judgment would believe him to be
4 21 years of age or over.

5 (3) That the permission to operate the slot machines was
6 made in good faith, relying upon written representation and
7 appearance, and in the reasonable belief that the minor was
8 actually 21 years of age or over.

9 Section 12. Local option.

10 (a) The placement of slot machines in commercial
11 establishments shall be a matter to be decided upon by a
12 majority of the voters of a county upon petition signed by 200
13 qualified electors of a county and filed with the county
14 election board in conformity with the act of June 3, 1937
15 (P.L.1333, No.320), known as the Pennsylvania Election Code. The
16 question shall be placed upon the ballot of that county for the
17 next regularly scheduled election as a "yes" or "no" question.
18 The majority of votes shall decide the question and the results
19 shall be transmitted to the Secretary of the Commonwealth who
20 shall have the duty of informing the commission of the result.

21 (b) No special election shall be held to answer this
22 question. However, if a special election is held to decide other
23 matters, this question may properly be placed on that ballot
24 along with the other matters to be decided.

25 Section 13. Licensing and registration of slot machine service
26 industries.

27 All slot machine service industries offering goods or
28 services on a regular basis which directly relate to the
29 operation of slot machines, including equipment manufacturers,
30 suppliers and repairers, schools teaching maintenance services

1 and allied security services, shall be licensed in accordance
2 with the provisions of this act prior to conducting any business
3 whatsoever with a slot machine licensee, its employees or
4 agents.

5 Section 14. Distribution of revenues.

6 (a) The net revenues derived from the licensing of the slot
7 machines by the Commonwealth shall be held by the treasurer
8 until such time as they are to be distributed.

9 (b) The proceeds of the slot machines shall be distributed
10 as follows:

11 (1) Fifty percent of new revenues shall be distributed
12 to local school districts of the participating counties from
13 which the revenues are derived. The revenue shall be
14 distributed on a student per capita basis for each school
15 district. The school must use 40% of funds so received to
16 reduce school property taxes.

17 (2) Ten percent shall be distributed to job and industry
18 development programs with the participating counties from
19 which the revenues are derived. The county governing
20 legislation body shall determine how the moneys shall be
21 distributed.

22 (3) Fifteen percent shall be distributed for creation of
23 jobs and industry in this Commonwealth as the General
24 Assembly shall direct.

25 (4) Twenty-five percent shall be used for the
26 Unemployment Compensation Fund.

27 Section 15. Distribution of proceeds.

28 (a) The commission shall set the winning payoff percentage
29 for all slot machines licensed in the Commonwealth. However, at
30 no time shall any winning payoff percentage be less than 83% to

1 the player.

2 (b) The Commonwealth shall receive 7% of all moneys wagered.

3 (c) The payoff to wagerers shall be set by the commission.

4 (d) The balance shall be retained by the licensees as their
5 profit.

6 Section 16. Effective date.

7 This act shall take effect in 60 days.