

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2303 Session of 2015

INTRODUCED BY CAUSER, GODSHALL, A. HARRIS, LAWRENCE, MILLARD, PICKETT, RAPP, WARD, WATSON AND ZIMMERMAN, SEPTEMBER 1, 2016

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, SEPTEMBER 28, 2016

AN ACT

1 Amending Title 3 (Agriculture) of the Pennsylvania Consolidated
2 Statutes, making editorial changes; consolidating an article
3 of The Administrative Code of 1929 relating to race horse
4 industry reform; further providing for Pennsylvania Breeding
5 Fund; and making a related repeal.

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

8 Section 1. The heading of Part VIII of Title 3 of the
9 Pennsylvania Consolidated Statutes is renumbered to read:

10 PART [VIII] C

11 MISCELLANEOUS PROVISIONS

12 Section 2. The heading of Chapter 81 of Title 3 is
13 renumbered to read:

14 CHAPTER [81] 999

15 MISCELLANEOUS PROVISIONS

16 Section 3. Section 8101 of Title 3 is renumbered to read:

17 § [8101] 99901. (Reserved).

18 Section 4. Title 3 is amended by adding a part to read:

19 PART VIII

1 HORSE RACING

2 Chapter

3 91. Preliminary Provisions (Reserved)

4 93. Race Horse Industry Reform

5 CHAPTER 91

6 PRELIMINARY PROVISIONS

7 (RESERVED)

8 CHAPTER 93

9 RACE HORSE INDUSTRY REFORM

10 Subchapter

11 A. Preliminary Provisions

12 B. Racing Oversight

13 C. Additional Licensing Requirements for Licensed Racing
14 Entity, Secondary Pari-mutuel Organization, Totalisator
15 and Racing Vendors

16 D. Compliance

17 E. Medication Rules and Enforcement Provisions

18 SUBCHAPTER A

19 PRELIMINARY PROVISIONS

20 Sec.

21 9301. Definitions.

22 § 9301. Definitions.

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

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

30 "Account holder." An individual who successfully completed

1 an application and for whom the licensed racing entity or
2 secondary pari-mutuel organization has opened an account.

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

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

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

23 "Breakage." The odd cents of redistributions to be made on
24 contributions to pari-mutuel pools exceeding a sum equal to the
25 next lowest multiple of 10.

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

29 "Commission." The State Horse Racing Commission.

30 "Commissioner." An individual appointed to and sworn in as a

1 member of the commission in accordance with section 9311(b)
2 (relating to State Horse Racing Commission).

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

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

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

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

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

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

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

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

10 (1) Securities that are held in a pension plan, profit-
11 sharing plan, individual retirement account, tax-sheltered
12 annuity, a plan established under section 457 of the Internal
13 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 457), or
14 any successor provision, deferred compensation plan whether
15 qualified or not qualified under the Internal Revenue Code of
16 1986, or any successor provision or other retirement plan
17 that:

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

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

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

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

30 "Horse race meeting." A specified period and dates each year

1 during which a licensed racing entity is authorized to conduct
2 live racing or pari-mutuel wagering as approved by the
3 commission.

4 "Horse racing." Standardbred horse racing and thoroughbred
5 horse racing.

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

9 "Immediate family." A spouse, parent, brother, sister or
10 child.

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

15 "Land mile." A unit of distance equal to 1,609.3 meters or
16 5,280 feet, as measured in a straight line.

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

21 "Licensee." The holder of a license issued under this
22 chapter.

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

28 "Nonprimary location." Any facility in which pari-mutuel
29 wagering is conducted by a licensed racing entity under this
30 chapter other than the racetrack where live racing is conducted.

1 "Ownership interest." Owning or holding, or being deemed to
2 hold, debt or equity securities or other ownership interest or
3 profit interest.

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

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

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

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

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

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

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

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

1 (5) Each stockholder or other individual who owns, holds
2 or controls, either directly or indirectly, 5% or more of
3 stock or financial interest in the collective organization.

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

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

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

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

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

30 "Secondary pari-mutuel organization." A licensed entity,

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

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

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

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

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

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

29 SUBCHAPTER B

30 RACING OVERSIGHT

- 1 Sec.
- 2 9311. State Horse Racing Commission.
- 3 9312. Additional powers of commission.
- 4 9313. Budget.
- 5 9314. Location.
- 6 9315. Number of licensed racing entities.
- 7 9316. Department of Revenue.
- 8 9317. Allocation of racing days.
- 9 9318. Licenses for horse race meetings.
- 10 9319. Code of conduct.
- 11 9320. Financial interests.
- 12 9321. Officials at horse race meetings.
- 13 9322. Secondary pari-mutuel organization.
- 14 9323. Occupational licenses for individuals.
- 15 9324. (Reserved).
- 16 9325. Power of commission to impose fines.
- 17 9326. Admission to racetrack.
- 18 9327. Security personnel.
- 19 9328. (Reserved).
- 20 9329. Interstate simulcasting.
- 21 9330. Place and manner of conducting pari-mutuel wagering at
22 racetrack enclosure.
- 23 9331. Pari-mutuel wagering at nonprimary locations.
- 24 9332. Books and records of pari-mutuel wagering.
- 25 9333. Filing of certain agreements with commission.
- 26 9334. State Racing Fund and tax rate.
- 27 9335. Pari-mutuel pool distribution.
- 28 9336. Pennsylvania Breeding Fund.
- 29 9337. Pennsylvania Sire Stakes Fund.
- 30 9338. Fair fund proceeds.

- 1 9339. Hearing.
- 2 9340. Prohibition of wagering.
- 3 9341. Veterinarians and State stewards.
- 4 9342. Promotions and discounts.
- 5 9343. Monitoring of wagering on video screens.
- 6 9344. Intrastate simulcasting.
- 7 9345. Commingling.
- 8 9346. Standardbred horse racing purse money.
- 9 § 9311. State Horse Racing Commission.

10 (a) Establishment.--The State Horse Racing Commission is
11 established as a commission within the Department of Agriculture
12 to independently regulate the operations of horse racing, the
13 conduct of pari-mutuel wagering and the promotion and marketing
14 of horse racing in this Commonwealth in accordance with this
15 chapter.

16 (b) Membership.--The commission shall consist of the
17 following members:

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

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

23 (ii) One individual representing a thoroughbred
24 breeder organization in this Commonwealth, selected from
25 a list of at least 10 qualified individuals submitted by
26 a thoroughbred breeder organization.

27 (iii) One individual representing the standardbred
28 horsemen's organizations in this Commonwealth, selected
29 from a list of at least 10 qualified individuals
30 submitted by the standardbred horsemen's organizations.

1 (iv) One individual representing a standardbred
2 breeder organization in this Commonwealth, selected from
3 a list of at least 10 qualified individuals submitted by
4 a standardbred breeder organization.

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

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

9 (ii) The Minority Leader of the Senate.

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

11 (iv) The Minority Leader of the House of
12 Representatives.

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

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

19 (5) Each appointing authority shall make its
20 appointments within 30 days of the effective date of this
21 section. Appointments to fill a vacancy shall be made within
22 10 days of the creation of the vacancy. An appointment shall
23 not be final until receipt by the appointing authority of a
24 background investigation of the appointee by the Pennsylvania
25 State Police, which shall be completed within 30 days of the
26 appointment. A person who has been convicted in a domestic or
27 foreign jurisdiction of a felony, infamous crime, gambling
28 offense or an offense related to fixing horse races or animal
29 cruelty may not be appointed to the commission.

30 (6) The following shall apply to appointees,

1 commissioners, employees and independent contractors:

2 (i) Each commissioner at the time of appointment
3 must be at least 25 years of age and must have been a
4 resident of this Commonwealth for a period of at least
5 one year immediately preceding appointment. Each
6 commissioner must remain a resident of this Commonwealth
7 during the term of membership on the commission.

8 (ii) Except for the commissioner appointed under
9 paragraph (3), a person may not be appointed a
10 commissioner if the person is a public official or party
11 officer as defined in 4 Pa.C.S. § 1512 (relating to
12 financial and employment interests) in this Commonwealth
13 or any of its political subdivisions.

14 (iii) Each commissioner, employee and independent
15 contractor of the commission must sign an agreement not
16 to disclose confidential information.

17 (iv) Except for a commissioner appointed under
18 paragraph (1), a commissioner, employee or independent
19 contractor of the commission or other agency having
20 regulatory authority over horse racing under this chapter
21 may not be employed, hold an office or position or be
22 engaged in an activity which is incompatible with the
23 position, employment or contract.

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

28 (vi) A commissioner, employee or independent
29 contractor of the commission may not participate in a
30 hearing, proceeding or other matter in which the member,

1 employee or independent contractor, or the immediate
2 family thereof, has a financial interest in the subject
3 matter of the hearing or proceeding or other interest
4 that could be substantially affected by the outcome of
5 the hearing or proceeding without first fully disclosing
6 the nature of the interest to the commission and other
7 persons participating in the hearing or proceeding. The
8 commission shall determine if the interest is a
9 disqualifying interest that requires the disqualification
10 or nonparticipation of a commissioner, an employee or
11 independent contractor.

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

26 (viii) (Reserved).

27 (ix) A commissioner, employee or bureau director of
28 the commission may not directly or indirectly solicit,
29 request, suggest or recommend to any applicant, licensed
30 racing entity or an affiliate, intermediary, subsidiary

1 or holding company thereof or to an employee or agent
2 thereof, the appointment or employment of any person in
3 any capacity by the applicant, licensed racing entity or
4 an affiliate, intermediary, subsidiary or holding company
5 thereof during the term of office or employment with the
6 commission.

7 (x) Except for a commissioner appointed under
8 paragraph (1), a commissioner may not accept employment
9 with an applicant for a horse racing license, a licensed
10 racing entity, or an affiliate, intermediary, subsidiary
11 or holding company thereof, for a period of two years
12 from the termination of the term of office.

13 (xi) A former commissioner may not appear before the
14 commission in any hearing or proceeding or participate in
15 any other activity on behalf of any applicant for a horse
16 racing license, a licensed racing entity, or an
17 affiliate, intermediary, subsidiary or holding company of
18 an applicant or licensed racing entity for a period of
19 two years from the termination of term of office.

20 (xii) A commissioner or employee of the commission
21 may not accept a complimentary service, place a wager or
22 be paid any prize from any wager on a horse race at a
23 racetrack or nonprimary location within this Commonwealth
24 or at any other racetrack or nonprimary location outside
25 this Commonwealth which is owned or operated by a
26 licensed racing entity or any of its affiliates,
27 intermediaries, subsidiaries or holding companies for the
28 duration of the commissioner's or employee's term of
29 office or employment. Nothing in this section shall be
30 construed to prohibit a commissioner appointed under

1 paragraph (1) from being awarded a purse or breeders'
2 award for the commissioner's participation in horse
3 racing.

4 (xiii) A commissioner who has been convicted during
5 his term of office in a domestic or foreign jurisdiction
6 of a felony, infamous crime, offense related to fixing or
7 rigging horse races or gambling offense shall, upon
8 conviction, be automatically removed from the commission
9 and shall be ineligible to become a commissioner in the
10 future.

11 (xiv) The following shall apply to an employee of
12 the commission, who is not subject to a collective
13 bargaining agreement, whose duties substantially involve
14 licensing, enforcement, development of law, promulgation
15 of regulations or development of policy relating to horse
16 racing under this chapter or who has other discretionary
17 authority which may affect or influence the outcome of an
18 action, proceeding or decision under this chapter,
19 including the director of a bureau:

20 (A) The individual may not, for a period of two
21 years following termination of employment, accept
22 employment with or be retained by an applicant for a
23 horse racing license or a licensed racing entity or
24 by an affiliate, intermediary, subsidiary or holding
25 company of an applicant or a licensed racing entity.

26 (B) The individual may not, for a period of two
27 years following termination of employment, appear
28 before the commission in a hearing or proceeding or
29 participate in activity on behalf of any applicant,
30 licensee or licensed racing entity or on behalf of an

1 affiliate, intermediary, subsidiary or holding
2 company of any applicant, licensee or licensed racing
3 entity.

4 (C) This subparagraph shall not apply to an
5 employee subject to the jurisdiction of the
6 Pennsylvania Supreme Court under section 10(c) of
7 Article V of the Constitution of Pennsylvania.

8 (xv) Nothing under subparagraph (xiv) shall prevent
9 a current or former employee of the commission from
10 appearing before the commission in a hearing or
11 proceeding as a witness or testifying as to a fact or
12 information.

13 (xvi) The State Ethics Commission shall issue a
14 written determination of whether a person is subject to
15 subparagraph (xiv) upon the written request of the person
16 or the person's employer or potential employer. A person
17 that relies in good faith on a determination issued under
18 this paragraph shall not be subject to any penalty for an
19 action taken, if all material facts set forth in the
20 request for the determination are correct.

21 (xvii) The State Ethics Commission shall publish a
22 list of all employment positions within the commission
23 whose duties would subject the individuals in those
24 positions to the provisions of subparagraph (xiv). The
25 commission shall assist the State Ethics Commission in
26 the development of the list, which shall be published by
27 the State Ethics Commission in the Pennsylvania Bulletin
28 biennially and posted by the commission on the
29 commission's Internet website. Upon request, employees of
30 the commission shall have a duty to provide the State

1 Ethics Commission with adequate information to accurately
2 develop and maintain the list. The State Ethics
3 Commission may impose a civil penalty under 65 Pa.C.S. §
4 1109(f) (relating to penalties) upon an individual who
5 fails to cooperate with the State Ethics Commission under
6 this subparagraph. An individual who relies in good faith
7 on the list published by the State Ethics Commission
8 shall not be subject to any penalty for a violation of
9 subparagraph (xiv).

10 (xviii) A commissioner may not solicit, request,
11 suggest or recommend the employment by the commission of
12 an immediate family member.

13 (xix) If a commissioner violates any provision of
14 this section, the appointing authority may remove the
15 person from the commission. A commissioner removed under
16 this paragraph shall, for a period of five years
17 following removal, be prohibited from future appointment
18 to the commission and shall be prohibited from applying
19 for a license or other authorization under this chapter
20 and from becoming an independent contractor with the
21 commission.

22 (xx) Except for a commissioner appointed under
23 paragraph (1), a commissioner or employee of the
24 commission may not directly or indirectly have an
25 ownership interest in a race horse which is entered in a
26 horse race meeting in this Commonwealth.

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

29 (i) Obligations of the commission.

30 (ii) Actions which were within the scope of their

1 office and made in good faith.

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

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

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

9 (b.2) Terms of office.--Upon the expiration of a term of a
10 commissioner appointed under subsections (b) and (b.1), the
11 following shall apply:

12 (1) The term of office of a gubernatorial appointee
13 shall be three years and until a successor is appointed and
14 qualified.

15 (2) The term of office of a legislative appointee shall
16 be two years and until a successor is appointed and
17 qualified.

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

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

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

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

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

30 (c) Chairperson.--The governor shall appoint the chairperson

1 of the commission.

2 (c.1) Compensation.--Commissioners shall be reimbursed for
3 documented expenses incurred in the performance of their
4 official duties and, except for commissioners appointed under
5 subsection (b) (3), commissioners shall be paid \$150 per diem.

6 (c.2) Meetings.--The commission shall meet at least once a
7 month and at other times as the commission chairperson deems
8 necessary. Public notice of the time and place of meetings of
9 the commission shall be given in accordance with 65 Pa.C.S. Ch.
10 7 (relating to open meetings).

11 (d) Office of Horse Racing.--There is established within the
12 commission an Office of Horse Racing.

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

14 (i) The Bureau of Thoroughbred Horse Racing shall
15 have oversight over the conduct of thoroughbred horse
16 racing in this Commonwealth.

17 (ii) The Bureau of Standardbred Horse Racing shall
18 have oversight over the conduct of standardbred horse
19 racing in this Commonwealth.

20 (2) There shall be a Director of the Bureau of
21 Thoroughbred Horse Racing and a director of the Bureau of
22 Standardbred Horse Racing to serve and report to the
23 commission. The director of each bureau shall not be
24 supervised by the Department of Agriculture. The commission
25 shall assign the directors duties and responsibilities as
26 required to fulfill the commission's obligations under this
27 chapter or any other act. The commission may, by order,
28 delegate duties and responsibilities to the bureau director
29 as the commission determines necessary to discharge the day-
30 to-day licensing, enforcement and administrative operations

1 of the commission. The director of each bureau established in
2 this section must meet all of the following requirements:

3 (i) Has either:

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

5 (B) has at least five years' experience in the
6 management of a licensed racing entity or equivalent
7 racing experience.

8 (ii) Any other criteria established by the
9 commission.

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

12 (i) Evaluate and review all applicants and
13 applications for a thoroughbred horse racing or
14 standardbred horse racing license. A bureau under this
15 section shall be prohibited from disclosing any portion
16 of an evaluation to a commissioner prior to the decision
17 relating to the applicant's suitability for licensure by
18 the commission.

19 (ii) Inspect and monitor licensees and other persons
20 regulated under this chapter for noncriminal violations,
21 including potential violations referred to either bureau
22 by the commission or other person.

23 (iii) Monitor horse racing operations to ensure
24 compliance with this chapter.

25 (iv) Inspect and examine licensed racing entities
26 and racetrack facilities.

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

29 (B) Examinations may include the review of
30 accounting, administrative and financial records,

1 management control systems, procedures and other
2 records.

3 (v) Refer possible criminal violation to law
4 enforcement.

5 (vi) Cooperate in the investigation and prosecution
6 of any criminal violation.

7 (vii) Issue administrative subpoenas to effectuate
8 an inspection and review under this paragraph, administer
9 oaths and take testimony as necessary for the
10 administration of this chapter.

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

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

15 (2) A licensed person engaged in pari-mutuel horse
16 racing activities.

17 (3) Out-of-competition drug testing, which shall include
18 the random drug testing of any horse entered in a race,
19 notwithstanding the physical location of the horse, stabled
20 on the grounds or shipped into a licensed racing entity's
21 facility.

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

23 (f) Voting.--

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

27 (2) A qualified majority vote consisting of the two
28 commissioners appointed under subsection (b)(1)(i) and (ii)
29 and as many votes of the remaining voting commissioners as
30 necessary to constitute a majority of those commissioners

1 voting shall be required to:

2 (i) Approve, issue, deny or condition a license to
3 conduct thoroughbred horse race meetings under section
4 9318 (relating to licenses for horse race meetings).

5 (ii) Adopt regulations governing thoroughbred horse
6 race meetings under this section.

7 (iii) Employ a director of the Bureau of
8 Thoroughbred Horse Racing under subsection (d) (2).

9 (3) A qualified majority vote consisting of the two
10 commissioners appointed under subsection (b) (1) (iii) and (iv)
11 and as many votes of the remaining voting commissioners as
12 necessary to constitute a majority of those commissioners
13 voting shall be required to:

14 (i) Approve, issue, deny or condition a license to
15 conduct standardbred horse race meetings under section
16 9318.

17 (ii) Adopt rules and regulations governing
18 standardbred horse race meetings under this section.

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

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

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

27 (6) If one or more appointees under subsection (b) (1) is
28 not participating in voting on any matter upon which they are
29 otherwise eligible to vote under paragraph (2) or (3), the
30 qualified majority shall consist of the remaining appointee

1 under the respective subparagraph of subsection (b) (1)
2 pursuant to which the nonparticipating commissioner has been
3 appointed, if any, and as many commissioners as necessary to
4 constitute a majority of those commissioners voting.

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

7 (1) All documents, digital or nondigital, provided to or
8 filed with the commission relating to the regulation of horse
9 racing and pari-mutuel wagering under this chapter. The
10 commission may accept digital signatures on documents
11 provided or filed and documents may be designated as
12 confidential in accordance with commission policy.

13 (2) A docket setting forth the names of all stockholders
14 in a licensed racing entity. The docket shall be available
15 for public inspection during normal business hours of the
16 commission.

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

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

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

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

30 (2) The commission shall promulgate rules and

1 regulations necessary for the administration and enforcement
2 of this chapter. Except as provided in this paragraph and
3 paragraph (3), regulations shall be promulgated in accordance
4 with law.

5 (3) In order to facilitate the prompt implementation of
6 this chapter, regulations promulgated by the commission shall
7 be deemed temporary regulations which shall not expire for a
8 period of three years following publication. Temporary
9 regulations shall not be subject to:

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

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

16 (iii) The act of June 25, 1982 (P.L.633, No.181),
17 known as the Regulatory Review Act.

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

22 (i) Application.--The commission shall develop an
23 application for applicants seeking a license to conduct horse
24 racing under this chapter.

25 (j) Licenses.--Each license to conduct horse racing or any
26 other activity under this chapter issued prior to January 1,
27 2017, shall remain in effect for the remainder of the term for
28 which the license was issued unless revoked or suspended.
29 Beginning January 1, 2017, a license shall be renewed or a new
30 license shall be issued in accordance with this chapter.

1 (k) Report of commission.--Twelve months after the effective
2 date of this section and every year on that date thereafter, the
3 commission, through the Department of Agriculture, shall issue a
4 report to the Governor and each member of the General Assembly
5 on the general operation of the commission and each licensee's
6 performance, including number and win per race and total gross
7 revenue at each facility of a licensed racing entity during the
8 previous year, all taxes, fees, fines and other revenues
9 collected and, where appropriate, disbursed, the costs of
10 operation of the commission, all hearings conducted and the
11 results of the hearings and other information that the
12 commission deems necessary and appropriate. Notwithstanding any
13 other reporting requirements in 4 Pa.C.S. § 1211 (relating to
14 reports of board), the Pennsylvania Gaming Control Board and the
15 Department of Agriculture must jointly submit the report under
16 this subsection relating to racing on an annual basis.

17 (l) Record of proceedings.--The commission shall cause to be
18 made and kept a record of all proceedings held at public
19 meetings of the commission. A verbatim transcript of those
20 proceedings shall be prepared by the commission upon the request
21 of any person and the payment by that person of the costs of
22 preparation.

23 (m) Public records.--The commission shall annually post on
24 its Internet website a list of all the itemized expenses of
25 employees and commissioners that were or are to be reimbursed
26 from the State Racing Fund. The list shall identify the nature
27 of the expense, the employee, member or the agency and employee
28 of the agency to which an expense is attributable. By October 1
29 of each year, a final report of all expenses described in this
30 subsection for the preceding fiscal year shall be posted on the

1 commission's Internet website and shall be submitted to the
2 Appropriations Committee of the Senate, the Agriculture and
3 Rural Affairs Committee of the Senate, the Appropriations
4 Committee of the House of Representatives and the Agriculture
5 and Rural Affairs Committee of the House of Representatives.
6 Information posted on the Internet website under this subsection
7 shall be financial records for the purposes of and subject to
8 redaction under the act of February 14, 2008 (P.L.6, No.3),
9 known as the Right-to-Know Law.

10 (n) Reimbursement.--The Department of Agriculture's
11 provision of shared administrative services, shared staff and
12 shared facilities to the commission must be reimbursed from the
13 State Racing Fund and shall be limited to actual costs of
14 providing the services, staff and facilities, including
15 salaries, benefits and expenses of employees providing the
16 shared administrative services. The Department of Agriculture
17 must retain records regarding administrative shared services
18 provided to the commission by a Department of Agriculture's
19 employee.

20 § 9312. Additional powers of commission.

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

25 (1) The commission shall promulgate regulations
26 regarding medication rules as required under Subch. E
27 (relating to medication rules and enforcement provisions).

28 (2) The following shall apply:

29 (i) The commission shall require an applicant under
30 this chapter to submit to fingerprinting for a report of

1 Federal criminal history record information.

2 (ii) The applicant must submit a full set of
3 fingerprints to the Pennsylvania State Police or the
4 Pennsylvania State Police's authorized agent for the
5 purpose of a record check. The Pennsylvania State Police
6 or the Pennsylvania State Police's authorized agent must
7 then submit the fingerprints to the Federal Bureau of
8 Investigation for the purpose of verifying the identity
9 of the applicant and obtaining a current record of any
10 criminal arrests and convictions.

11 (iii) The commission shall consider information
12 obtained under this paragraph for the purpose of
13 screening applicants for fitness for licensure in
14 accordance with the provisions of this chapter.

15 (iv) National criminal history record information
16 received by the commission shall be handled and
17 maintained in accordance with Federal Bureau of
18 Investigation policy.

19 (v) Fingerprints obtained under this paragraph may
20 be maintained by the commission and Pennsylvania State
21 Police to enforce this chapter and for general law
22 enforcement purposes.

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

26 (vii) The commission may exempt applicants for
27 positions not related to the care or training of horses,
28 racing, wagering, security or the management of a
29 licensed racing entity, from the provisions of this
30 chapter.

1 (3) Within 90 days of the effective date of this
2 section, the commission must adopt and publish a
3 comprehensive fee schedule in the Pennsylvania Bulletin. Two
4 years following the effective date of this section, the
5 commission may adopt regulations to annually increase any
6 fee, charge or cost authorized under this chapter.

7 (4) The commission or designated employee of the
8 commission shall have the power to administer oaths and
9 examine witnesses and may issue subpoenas to compel
10 attendance of witnesses and production of all relevant and
11 material reports, books, papers, documents, correspondence
12 and other evidence related to regulation and enforcement of
13 horse racing under this chapter.

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

25 (6) The commission may adopt national standards from
26 other racing jurisdictions or commission-approved trade
27 organizations to establish:

28 (i) uniform drug threshold levels;

29 (ii) consistent sanctions for drug testing

30 violations; and

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

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

6 (8) The commission shall direct and oversee that each
7 licensed racing entity's racetrack surface is maintained in
8 such a way as to maximize the safety of the horse, jockey or
9 driver. The commission may develop guidelines to carry out
10 this paragraph and may contract with, hire or otherwise
11 consult with racetrack surface experts to carry out the
12 provisions of this section.

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

20 § 9313. Budget.

21 Beginning July 1, 2016, the commission and the Department of
22 Agriculture shall annually submit a budget request to the
23 Secretary of the Budget in accordance with the provisions
24 contained in section 610 of the act of April 9, 1929 (P.L.177,
25 No.175), known as The Administrative Code of 1929, consisting of
26 amounts to be appropriated from the State Racing Fund, the
27 Pennsylvania Race Horse Development Fund and the General Fund to
28 administer and enforce this chapter and for the promotion of
29 horse racing. Beginning July 1, 2016, and annually thereafter,
30 1% of the previous fiscal year's deposits into the Pennsylvania

1 Race Horse Development Fund shall be transferred from the
2 Pennsylvania Race Horse Development Fund to the State Racing
3 Fund to provide for the promotion of horse racing.

4 § 9314. Location.

5 After January 1, 2017, a licensed racing entity shall conduct
6 a horse race meeting at the location designated and approved by
7 the commission.

8 § 9315. Number of licensed racing entities.

9 (a) Standardbred horse racing.--No more than five persons
10 shall be licensed to conduct a horse race meeting. No person
11 licensed under this chapter to conduct standardbred horse racing
12 with pari-mutuel wagering shall be licensed to conduct
13 thoroughbred horse racing with pari-mutuel wagering.

14 (b) Thoroughbred horse racing.--No more than six persons
15 shall be licensed by the commission to conduct a horse race
16 meeting. No person licensed under this chapter to conduct
17 thoroughbred horse racing with pari-mutuel wagering shall be
18 licensed to conduct standardbred horse racing with pari-mutuel
19 wagering.

20 § 9316. Department of Revenue.

21 The Department of Revenue shall provide financial
22 administration of pari-mutuel wagering under this chapter in
23 accordance with Department of Revenue regulations and
24 regulations of the commission. The Department of Revenue shall
25 prescribe the form and system of accounting to be used by
26 licensed racing entities and may access and examine records,
27 equipment and other information relating to pari-mutuel
28 wagering.

29 § 9317. Allocation of racing days.

30 (a) General rule.--

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

4 (2) The required racing days under this section and 4
5 Pa.C.S. § 1303(a)(2) and (b) may be waived or modified by the
6 commission if the waiver or modification has been agreed to
7 by the horsemen's organization and the licensed racing entity
8 at the racetrack where the racing days are to be scheduled or
9 raced.

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

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

19 (1) the names and addresses of the licensed racing
20 entity;

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

23 (3) any other information the commission deems
24 appropriate.

25 (c) Cancellation.--

26 (1) If a racing day is canceled by a licensed racing
27 entity for reasons beyond the licensed racing entity's
28 control, the commission shall grant the licensed racing
29 entity the right to conduct that racing day in the same or
30 the next ensuing calendar year, if schedules permit.

1 (2) A director of a bureau established under section
2 9311 (relating to State Horse Racing Commission), after
3 consultation with the licensed racing entity and the
4 horsemen's organization at the racetrack, may cancel a race
5 if it is determined that fewer than six horses have entered
6 the race.

7 § 9318. Licenses for horse race meetings.

8 (a) Procedure and terms.--

9 (1) After January 1, 2017, a person seeking a license to
10 conduct horse race meetings at which pari-mutuel wagering is
11 permitted or seeking to renew the license shall file an
12 application or renewal application with the commission in the
13 manner prescribed by the commission. A license to conduct
14 horse race meetings shall be issued for a period of three
15 years.

16 (2) A licensed racing entity shall have the privilege to
17 conduct a horse race meeting at which pari-mutuel wagering is
18 permitted. A license to conduct a horse race meeting shall
19 not be a property right and may not be used as collateral or
20 be encumbered.

21 (3) The commission may revoke or suspend the license of
22 a licensed racing entity if the commission finds that the
23 licensed racing entity, or its owners, officers, managers or
24 agents, have not complied with this chapter and regulations
25 promulgated in accordance with this chapter.

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

28 (b) Conditions.--Each horse racing license shall be issued
29 and remain in effect if the licensed racing entity complies with
30 each condition, rule and regulation of the commission and the

1 provisions of this chapter, including the following conditions:

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

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

6 (3) The licensed racing entity shall print in its racing
7 programs the procedure for filing a complaint with the
8 commission.

9 (c) Applications.--Applications to conduct horse race
10 meetings shall be in the form prescribed by the commission and
11 shall contain information as the commission may require.

12 (d) Fee.--An applicant or licensee seeking to conduct a
13 horse race meeting or seeking renewal of a license shall pay to
14 the commission a fee of \$50,000. Notwithstanding the foregoing,
15 a licensed racing entity that holds more than one horse race
16 meeting license shall pay no more than \$50,000 upon renewal of
17 the licenses. The license or renewal fee shall be deposited into
18 the State Racing Fund.

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

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

25 (i) A felony in any jurisdiction.

26 (ii) A misdemeanor gambling offense in any
27 jurisdiction, unless 15 years has elapsed from the date
28 of conviction.

29 (iii) Fraud or misrepresentation in any jurisdiction
30 related to horse racing or horse breeding, unless 15

1 years has elapsed from the date of conviction.

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

4 (v) An offense related to fixing or rigging horse
5 aces, including 18 Pa.C.S. § 4109 (relating to rigging
6 publicly exhibited contest) or 7102 (relating to
7 administering drugs to race horses), or any similar crime
8 in another jurisdiction, unless the conviction has been
9 overturned on appeal under the laws of the jurisdiction
10 of the original finding or a pardon has been issued.

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

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

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 (3) If, in the judgment of the commission, the applicant
30 has demonstrated by clear and convincing evidence that the

1 participation of the applicant in horse racing or related
2 activities is not:

3 (i) inconsistent with the public interest or best
4 interests of horse racing;

5 (ii) interfering with the effective regulation of
6 horse racing; or

7 (iii) creating or enhancing the danger of
8 unsuitable, unfair or illegal practices, methods or
9 activities in the conduct of horse racing.

10 (f) Denial, suspension or revocation.--The commission may
11 deny an application for a license or revoke, suspend or fail to
12 renew the license of any applicant or licensed racing entity, if
13 the commission finds by a preponderance of the evidence that:

14 (1) The applicant or licensed racing entity, or any of
15 its owners, officers, director, managers, employees or
16 agents:

17 (i) Has not complied with the conditions, rules,
18 regulations and provisions of this chapter and that it
19 would be in the public interest, convenience or necessity
20 to deny, revoke, suspend or not renew the license.

21 (ii) Has been convicted of a violation or attempt to
22 violate a horse racing law, rule or regulation of a horse
23 racing jurisdiction.

24 (iii) Has furnished the commission with false or
25 misleading information relating to the application or
26 license renewal.

27 (iv) Has been convicted of a crime involving moral
28 turpitude.

29 (v) Has been convicted of a misdemeanor gambling
30 offense in any jurisdiction.

1 (vi) Has been convicted in any jurisdiction of fraud
2 or misrepresentation related to horse racing or horse
3 breeding.

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

8 (3) The licensed racing entity has commingled horsemen's
9 organization funds in violation of section 9345(c) (relating
10 to commingling) or has refused to place on deposit a letter
11 of credit under section 9346 (relating to standardbred horse
12 racing purse money).

13 (4) The commission determines that the licensed racing
14 entity has failed to properly maintain its racetrack and
15 racetrack enclosure in good condition under this chapter or
16 to provide adequate capital improvements to the racetrack and
17 racetrack enclosure as required under this chapter and 4
18 Pa.C.S. § 1404 (relating to distributions from licensee's
19 revenue receipts).

20 (5) The licensee has been convicted in any jurisdiction
21 of an offense related to fixing or rigging horse races,
22 including 18 Pa.C.S. § 4109 or 7102, or any similar crime in
23 another jurisdiction, unless the conviction has been
24 overturned on appeal under the laws of the jurisdiction of
25 the original finding or a pardon has been issued.

26 (g) Cessation.--If a revocation or failure to renew a
27 license under subsection (e) occurs, the licensee's
28 authorization to conduct previously approved activity shall
29 immediately cease, subject to 2 Pa.C.S. (relating to
30 administrative law and procedure). In the case of a suspension,

1 the licensee's authorization to conduct previously approved
2 activity shall immediately cease until the commission has
3 notified the licensee that the suspension is no longer in
4 effect. After request for a hearing by a licensee, the
5 commission may grant a supersedeas, pending the final
6 determination of the suspension.

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

11 (i) Conditional licenses.--Pending a final determination
12 under this section, the commission may issue a conditional
13 license upon the terms and conditions as are necessary to
14 effectuate the provisions of this chapter.

15 (j) Compliance.--Nothing in this section shall be construed
16 to relieve a licensed racing entity of its duty to comply with
17 the requirements of 4 Pa.C.S. Pt. II.

18 § 9319. Code of conduct.

19 (a) Scope.--The commission may adopt a comprehensive code of
20 conduct applicable to commissioners, employees of the
21 commission, independent contractors and the immediate family of
22 the commissioners, employees and independent contractors to
23 enable them to avoid any perceived or actual conflict of
24 interest and to promote public confidence in the integrity and
25 impartiality of the commission.

26 (b) Restrictions.--In addition to the other prohibitions
27 contained in this chapter, a commissioner shall:

28 (1) Not accept any discount, gift, gratuity,
29 compensation, travel, lodging or other thing of value,
30 directly or indirectly, from any applicant, licensed racing

1 entity, affiliate, subsidiary or intermediary of an applicant
2 or other licensee.

3 (2) Disclose a conflict of interest and recuse himself
4 from any hearing or other proceeding in which the
5 commissioner's objectivity, impartiality, integrity or
6 independence of judgment may be reasonably questioned due to
7 the commissioner's relationship or association with a party
8 connected to any hearing or proceeding or a person appearing
9 before the commission.

10 (3) Refrain from any financial or business dealing which
11 would tend to reflect adversely on the commissioner's
12 objectivity, impartiality or independence of judgment.

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

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

18 (6) Except for a commissioner appointed under section
19 9311(b)(3) (relating to State Horse Racing Commission), not
20 hold or campaign for public office, hold an office in any
21 political party or political committee as defined in 4
22 Pa.C.S. § 1513(d) (relating to political influence),
23 contribute to or solicit contributions to a political
24 campaign, political party, political committee or candidate,
25 publicly endorse a candidate or actively participate in a
26 political campaign.

27 (c) (Reserved).

28 (d) Ex parte communications.--

29 (1) A commissioner, EXCEPT THE COMMISSIONER APPOINTED
30 UNDER SECTION 9311(B)(3), may not engage in any ex parte

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1 communication with any person.

2 (2) If a commissioner received or engaged in an ex parte
3 communication, a commissioner shall inform the director of
4 the appropriate bureau who shall notify all parties directly
5 affected by the anticipated vote or action of the
6 commissioner related to the ex parte communication of the
7 substance of the communication and provide the parties with
8 an opportunity to respond.

9 (3) A commissioner who engaged in or received an ex
10 parte communication shall disqualify himself from the hearing
11 or proceeding related to the ex parte communication if the
12 context and substance of the communication creates
13 substantial reasonable doubt as to a commissioner's ability
14 to act objectively, independently or impartially.

15 (4) A commissioner who engaged in or received an ex
16 parte communication and elects not to disqualify himself from
17 the hearing or proceeding shall state the reasons for not
18 disqualifying himself on the record prior to the commencement
19 of the hearing or proceeding.

20 ~~(5) If a commissioner disqualifies himself under this~~ <--
21 ~~subsection, a qualified majority vote under this chapter~~
22 ~~shall consist of the remaining commissioners. (RESERVED).~~ <--

23 (6) Failure of a commissioner who received or engaged in
24 an ex parte communication to disqualify himself under this
25 subsection shall be grounds for appeal to a court of
26 competent jurisdiction if the commission action being
27 appealed could not have occurred without the participation of
28 the commissioner.

29 (7) This subsection shall not preclude a commissioner
30 from consulting with other commissioners individually if the

1 consultation complies with 65 Pa.C.S. Ch. 7 (relating to open
2 meetings) or with commission employees or independent
3 contractors whose functions are to assist the commission in
4 carrying out its adjudicative functions.

5 § 9320. Financial interests.

6 No director, owner, officer, manager or employee of an
7 applicant or licensed racing entity or their immediate family
8 shall accept gifts from breeders, owners, trainers or other
9 individuals who participate in the conduct of horse racing in
10 this Commonwealth.

11 § 9321. Officials at horse race meetings.

12 (a) Racetrack racing official.--The commission shall approve
13 each racetrack employee whose duties include the enforcement of
14 pari-mutuel racing activities which directly or indirectly
15 affect the racing product. Compensation for an official under
16 this subsection shall be paid by the licensed racing entity.

17 (b) Commission racing official.--The commission shall employ
18 individuals who shall be designated as commission racing
19 officials and whose duties shall include the oversight and
20 enforcement of this chapter, regulations and commission policies
21 related to prerace activities, the conduct of live racing and
22 pari-mutuel wagering. The commission, by regulation, shall
23 establish the duties and responsibilities for a commission
24 racing official. The cost for and compensation of a commission
25 racing official shall be paid by the commission.

26 § 9322. Secondary pari-mutuel organization.

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

29 (1) A secondary pari-mutuel organization offering and
30 accepting pari-mutuel wagers within this Commonwealth must be

1 properly licensed by the commission. Each secondary pari-
2 mutuel organization employee directly or indirectly
3 responsible for the acceptance of wagers on horse races or
4 the transmittal of wagering information to and from the
5 Commonwealth must be properly licensed.

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

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

11 (i) Disclosure of each officer, director, partner
12 and share holder with a 5% or greater share of ownership
13 or beneficial interest.

14 (ii) A list of personnel assigned to work in this
15 Commonwealth.

16 (iii) Certification of compliance with totalisator
17 standards and licensing requirements adopted by the
18 commission.

19 (iv) A type II SAS 70 report, or other independent
20 report in a form acceptable to the commission, completed
21 within the preceding 12 months, to assure adequate
22 financial controls are in place in the secondary pari-
23 mutuel organization.

24 (v) An agreement to allow the commission to inspect
25 and monitor each facility used by the secondary pari-
26 mutuel organization for accepting, recording or
27 processing pari-mutuel wagers accepted in this
28 Commonwealth.

29 (vi) Certification of the use of a pari-mutuel
30 system which meets all requirements for a pari-mutuel

1 system utilized by a licensed racing entity in this
2 Commonwealth.

3 (4) Fitness and experience of a secondary pari-mutuel
4 organization must be consistent with the public interest,
5 convenience and necessity and the best interests of racing
6 generally, including, but not limited to, all of the
7 following:

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

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

13 (iii) Utilization of a totalisator system that meets
14 wagering-industry standards and certification criteria.

15 (iv) Meeting general industry standards for physical
16 security of computerized wagering systems, business
17 records, facilities and patrons.

18 (v) Having no indications of improper manipulation
19 of a secondary pari-mutuel organization's wagering
20 system, including software.

21 (vi) Having policies and procedures that ensure a
22 secondary pari-mutuel organization's key individuals have
23 applied and are eligible for all required occupational
24 licenses.

25 (vii) Having an annual independent audit with no
26 audit opinion qualifications that reflect adversely on
27 integrity.

28 (viii) Having a system that verifies the identity of
29 each person placing a wager and requires the person
30 placing a wager to disclose each beneficial interest in a

1 wager the secondary pari-mutuel organization accepts.

2 (ix) Having a real-time independent monitoring
3 system to monitor wagering activity to detect suspicious
4 patterns, including any that might indicate criminal
5 activity or regulatory violations. The system must verify
6 each transaction performed by the totalisator system and
7 provide expeditious notice of any discrepancies or
8 suspicious activity to the host track, wagering site, due
9 diligence investigating body and any affected regulatory
10 agency.

11 (x) Having a satisfactory record of customer
12 relations, including no excessive unresolved patron
13 complaints concerning the secondary pari-mutuel
14 organization's business practices.

15 (xi) Holding required permits, licenses,
16 certifications or similar documents that may be required
17 by a racing, gaming or other pari-mutuel wagering
18 jurisdiction.

19 (xii) Having sufficient measures to protect customer
20 funds.

21 (xiii) Publicizing and providing a sufficient
22 program for customer self-exclusion and wagering
23 limitation.

24 (xiv) Having expertise in pari-mutuel wagering and
25 being technologically capable of participating in
26 simulcast and wagering activities.

27 (5) Financial responsibility of a secondary pari-mutuel
28 organization must be consistent with the public interest,
29 convenience and necessity and the best interests of racing
30 generally, including all of the following:

1 (i) The secondary pari-mutuel organization and the
2 secondary pari-mutuel organization's key individuals may
3 not be in default or have a history of defaulting in the
4 payment of an financial obligation, including the payment
5 of taxes due to a taxing jurisdiction or on the payment
6 of gaming, wagering or pari-mutuel racing-related
7 financial obligations. A secondary pari-mutuel
8 organization's key individuals may not be four or more
9 months in arrears for child support that is ordered or
10 approved by a court in any jurisdiction within the United
11 States.

12 (ii) The secondary pari-mutuel organization and the
13 secondary pari-mutuel organization's owners and sources
14 of funds must have sufficient financial means to
15 participate in simulcast and wagering activities,
16 including sufficient assets and means to pay industry-
17 related debts and obligations and to fund the operations
18 of the secondary pari-mutuel organization.

19 (6) The secondary pari-mutuel organization must be fully
20 cooperative and act in good faith with all disclosure and
21 other duties involved in a due diligence investigation,
22 voluntarily submit to regulatory and investigating body
23 oversight, permit inspection of each business record upon
24 request by a regulatory authority or investigating body,
25 promptly honor regulatory or investigating body requests for
26 wagering patterns or other information and, after reasonable
27 notice, permit full access to each facility and property by a
28 regulatory authority or investigating body.

29 (b) Waiver.--

30 (1) A due diligence investigation may rely on an

1 investigation and oversight conducted by a commission-
2 approved entity.

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

7 § 9323. Occupational licenses for individuals.

8 (a) General rule.--The commission shall develop a licensing
9 or other classification system for the regulation of racing
10 vendors, trainers, jockeys, drivers, horse owners, backside area
11 employees and other individuals participating in horse racing
12 and all other persons required to be licensed as determined by
13 the commission. The license shall not be a property right.

14 (b) Fee.--The commission shall fix and may establish classes
15 for application fees to be paid by individuals. A license fee
16 shall not exceed \$500. All fees shall be paid to the commission
17 and deposited into the State Racing Fund.

18 (c) Application.--The application for a license shall be in
19 the form and contain the information as the commission may
20 require.

21 (d) Renewal.--All licenses shall be subject to renewal every
22 three years upon application and review. Nothing in this chapter
23 shall be construed to relieve a licensee of the affirmative duty
24 to notify the commission of any changes relating to the status
25 of its license or to any other information contained in the
26 application materials on file with the commission. The
27 application for renewal shall be submitted at least 60 days
28 prior to expiration of the license and shall include an update
29 of the information contained in the initial application and any
30 prior renewal applications and the payment of any renewal fee

1 required by the commission. A license for which a completed
2 renewal application and fee, if required, has been received by
3 the commission shall continue in effect unless and until the
4 commission sends written notification to the holder of the
5 license that the commission has denied the renewal of the
6 license.

7 (e) Licenses.--The commission may issue any of the
8 following:

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

11 (2) A conditional license upon the terms and conditions
12 as necessary to administer this chapter.

13 (f) Processing and issuance.--The commission shall adopt
14 regulations to fix the manner by which licenses are processed
15 and issued.

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

17 (1) The commission may not issue a license under this
18 section to an individual who has been convicted in a
19 jurisdiction of a felony offense, a misdemeanor gambling
20 offense or a fraud or misrepresentation in connection with
21 horse racing or breeding, unless 15 years has passed from the
22 date of conviction of the offense.

23 (2) Following expiration of a period applicable to an
24 applicant under paragraph (1), in determining whether to
25 issue a license to an applicant, the commission shall
26 consider the following factors:

27 (i) The nature of the applicant's involvement with
28 horse racing.

29 (ii) The nature and seriousness of the offense or
30 conduct.

1 (iii) The circumstances under which the offense or
2 conduct occurred.

3 (iv) The age of the applicant when the offense or
4 conduct occurred.

5 (v) Whether the offense or conduct was an isolated
6 or a repeated incident.

7 (vi) Any evidence of rehabilitation, including good
8 conduct in the community, counseling or psychiatric
9 treatment received and the recommendations of persons who
10 have substantial contact with the applicant.

11 (g.1) Denial.--The commission may deny an application for a
12 license or suspend, revoke or refuse to renew a license issued
13 under this section if it determines that the applicant or
14 licensee meets any of the following:

15 (1) (Reserved).

16 (2) Has been convicted of any violation or attempts to
17 violate any law, rule or regulation of horse racing in any
18 jurisdiction.

19 (3) Has been convicted of an offense under 18 Pa.C.S. §
20 5511 (relating to cruelty to animals).

21 (4) Has violated a rule, regulation or order of the
22 commission.

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

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

3 (i) Is a person of good character, honesty and
4 integrity.

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

7 (A) Do not pose a threat to the public interest
8 or the effective regulation and control of horse
9 racing.

10 (B) Do not create or enhance the danger of
11 unsuitable, unfair or illegal practices, methods and
12 activities in the conduct of horse racing or the
13 carrying on of the business and financial
14 arrangements incidental to the conduct of horse
15 racing.

16 (h) Inspection.--The commission shall have the right to
17 inspect all contracts directly affecting the administration of
18 the racing product and wagering activities between a secondary
19 pari-mutuel organization, licensed racing entities and racing
20 vendors for goods and services. The commission shall adopt
21 regulations to require racing vendors to disclose all principal
22 owners and officers and a description of their interests in the
23 vendors' businesses. Failure to disclose this information shall
24 constitute grounds to deny, to revoke or to suspend any racing
25 vendor's license issued under this chapter.

26 (i) Revocation or failure to renew.--In the event of a
27 revocation or failure to renew, the licensee's authorization to
28 conduct previously approved activity shall immediately cease and
29 all fees paid in connection therewith shall be deemed to be
30 forfeited. In the event of a suspension, the applicant's

1 authorization to conduct the previously approved activity shall
2 immediately cease until the commission has notified the
3 applicant that the suspension is no longer in effect.

4 (j) Hearings.--The commission may suspend a license under
5 subsection (i) pending a hearing on the matter, which must occur
6 within 10 days of the suspension. The commission or its director
7 may grant a supersedeas, if requested, pending a final
8 resolution of the matter.

9 (k) (Reserved).

10 (l) Criminal action.--

11 (1) Each district attorney shall have authority to
12 investigate and to institute criminal proceedings for a
13 violation of this chapter.

14 (2) In addition to the authority conferred upon the
15 Attorney General under the act of October 15, 1980 (P.L.950,
16 No.164), known as the Commonwealth Attorneys Act, the
17 Attorney General shall have the authority to investigate and,
18 following consultation with the appropriate district
19 attorney, to institute criminal proceedings for a violation
20 of this chapter. A person charged with a violation of this
21 chapter by the Attorney General shall not have standing to
22 challenge the authority of the Attorney General to
23 investigate or prosecute the case, and, if any such challenge
24 is made, the challenge shall be dismissed and no relief shall
25 be available in the courts of this Commonwealth to the person
26 making the challenge.

27 (m) Regulatory action.--Nothing contained in subsection (l)
28 shall be construed to limit the existing regulatory or
29 investigative authority of an agency or the Commonwealth whose
30 functions relate to persons or matters within the scope of this

1 part.

2 (n) Inspection, seizure and warrants on racetrack
3 enclosures.--

4 (1) The commission, the Attorney General and the
5 Pennsylvania State Police shall have the authority without
6 notice and without warrant to do all of the following in the
7 performance of their duties:

8 (i) Inspect and examine all premises where horse
9 racing is conducted, or where records of these activities
10 are prepared or maintained.

11 (ii) Inspect all equipment and supplies in, about,
12 upon or around premises referred to in subparagraph (i).

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

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

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

20 (2) The provisions of paragraph (1) shall not be deemed
21 to limit warrantless inspections except in accordance with
22 constitutional requirements.

23 § 9324. (Reserved).

24 § 9325. Power of commission to impose fines.

25 (a) General rule.--The commission may impose administrative
26 finer upon any licensed or unlicensed racing entity, association
27 or person participating in horse racing at which pari-mutuel
28 wagering is conducted, other than as a patron, for a violation
29 of any provision of this chapter or rule or regulation of the
30 commission, not exceeding \$10,000 for each violation. Each day

1 may be considered a separate violation. Fines shall be deposited
2 in the State Racing Fund and may be appropriated for the
3 enforcement of this chapter.

4 (b) Interests.--

5 (1) No owner, officer or employee of a licensed racing
6 entity or their immediate family shall have any direct or
7 indirect interest in a race horse that is participating in a
8 horse race meeting at which the person or relative listed
9 under this paragraph holds any interest in the licensed
10 racing entity conducting the horse race meeting or in the
11 racetrack facility.

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

15 § 9326. Admission to racetrack.

16 (a) Power of licensed racing entity.--Except as provided in
17 subsection (b), a licensed racing entity may refuse admission to
18 and eject from the racetrack enclosure operated by the licensed
19 racing entity, any person licensed by the commission under this
20 chapter and employed at an occupation at the racetrack if the
21 person's presence is deemed detrimental to the best interests of
22 horse racing and after citing the reasons for the determination
23 in writing. The action of the licensed racing entity refusing
24 the person admission to or ejecting the person from a horse race
25 meeting ground or racetrack enclosure shall have immediate
26 effect unless a supersedeas has been granted by the bureau
27 director. The person refused admission or ejected shall receive
28 a hearing before the commission, if requested, pursuant to rules
29 and regulations adopted for that purpose by the commission and a
30 decision rendered following that hearing.

1 (b) Admission.--A licensed racing entity may not refuse
2 admission to or eject a law enforcement official, commission
3 member or employee or employee of the Department of Revenue
4 while the official is engaged in the performance of the
5 individual's official duties.

6 § 9327. Security personnel.

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

10 (1) Shall refer possible violations of the criminal laws
11 of this Commonwealth within the racetrack or racetrack
12 enclosure to law enforcement agencies.

13 (2) May not eject or exclude from the racetrack or
14 racetrack enclosure any person because of the race, creed,
15 color, sex, sexual orientation, national origin or religion
16 of that person.

17 (b) Penalty.--An individual found within a racetrack or
18 racetrack enclosure after having been ejected therefrom shall,
19 upon conviction, be guilty of a summary offense and be sentenced
20 to pay a fine of not more than \$500.

21 § 9328. (Reserved).

22 § 9329. Interstate simulcasting.

23 (a) Host licensees.--The commission may approve the
24 application of a licensed racing entity or secondary pari-mutuel
25 organization to electronically simulcast horse races to and from
26 this Commonwealth. Upon request by a licensed racing entity or
27 secondary pari-mutuel organization, the commission may designate
28 the entity as a host licensee, authorized to maintain common
29 pari-mutuel pools on international and interstate races
30 transmitted to and from the racetrack enclosures within this

1 Commonwealth. All simulcasts of horse races shall comply with
2 the provisions of the Interstate Horseracing Act of 1978 (Public
3 Law 95-515, 15 U.S.C. § 3001 et seq.) and the laws of each state
4 involved, placed or transmitted by an individual in one state
5 via telephone, Internet or other electronic media and accepted
6 and maintained in common pari-mutuel pools. The designation as a
7 host licensee for international and interstate simulcast races
8 shall be limited to licensed racing entities which comply with 4
9 Pa.C.S. § 1303(d) (relating to additional Category 1 slot
10 machine license requirements).

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

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

17 (2) All forms of pari-mutuel wagering shall be allowed
18 on horse races simulcasted. The commission may permit pari-
19 mutuel pools in this Commonwealth to be combined with pari-
20 mutuel pools created under the laws of another jurisdiction
21 and may permit pari-mutuel pools created under the laws of
22 another jurisdiction to be combined with pari-mutuel pools in
23 this Commonwealth. The commission shall promulgate
24 regulations necessary to regulate wagering on televised
25 simulcasts.

26 (c) Taxation.--Money wagered by patrons in this Commonwealth
27 on horse races shall be computed by the amount of money wagered
28 each racing day for purposes of taxation under section 9334
29 (relating to State Racing Fund and tax rate). Thoroughbred races
30 shall be considered a part of a thoroughbred horse race meeting

1 and standardbred horse races shall be considered a part of a
2 standardbred horse race meeting.

3 § 9330. Place and manner of conducting pari-mutuel wagering at
4 racetrack enclosure.

5 (a) Wagering location.--A licensed racing entity shall
6 provide a location during a horse race meeting within the
7 racetrack enclosure where the licensed racing entity shall
8 operate the pari-mutuel system of wagering by its patrons on the
9 results of horse races held at the racetrack or televised to the
10 racetrack enclosure by simulcasting under section 9329 (relating
11 to interstate simulcasting). The licensed racing entity shall
12 erect a sign or board compatible with the totalisator systems
13 which shall display all of the following:

14 (1) The approximate straight odds on each horse in any
15 race.

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

18 (3) The elapsed time of the race.

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

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

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

29 (1) Messages to place wagers shall be to a place within
30 the racetrack enclosure.

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

4 (c.1) Regulations.--The commission may promulgate
5 regulations necessary to regulate electronic wagering for horse
6 racing.

7 (d) Taxation.--Money wagered as a result of electronic
8 wagering shall be included in the amount wagered each racing day
9 for purposes of taxation under section 9334 (relating to State
10 Racing Fund and tax rate) and shall be included in the same
11 pari-mutuel pools for each posted race. Electronic wagering
12 systems shall be operated by the licensed racing entity,
13 secondary pari-mutuel organization or by a duly licensed racing
14 vendor.

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

19 (f) Primary market area.--

20 (1) A licensed racing entity or secondary pari-mutuel
21 organization may not accept a wager or establish electronic
22 wagering or advanced deposit account wagering for any person
23 located in the primary market area of a racetrack, other than
24 the racetrack at which the licensed racing entity is
25 conducting a horse race meeting.

26 (2) Nothing in this subsection shall be construed to
27 prohibit a licensed racing entity from accepting a wager from
28 or establishing an electronic wagering account for any person
29 located in the primary market area of the racetrack where the
30 licensed racing entity is conducting a horse race meeting. If

1 two tracks share the primary market area, both racetracks
2 shall have equal rights to the market in the shared area.

3 § 9331. Pari-mutuel wagering at nonprimary locations.

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

5 (1) Notwithstanding any other provision of this chapter,
6 the commission may approve a licensed racing entity to
7 continue to operate a nonprimary location where it has
8 conducted pari-mutuel wagering on horse races conducted by
9 the licensed racing entity. The licensed racing entity may
10 continue to conduct pari-mutuel wagering at the location on
11 horse races conducted by another licensed racing entity,
12 which horse races may be televised to the location or on
13 horse races simulcast to the location under section 9326 <--
14 (relating to admission to racetrack) 9329 (RELATING TO <--
15 INTERSTATE SIMULCASTING), provided that:

16 (i) A licensed racing entity has not established a
17 nonprimary location within the primary market area of any
18 racetrack other than a racetrack where the licensed
19 racing entity conducts horse race meetings. Establishment
20 of a nonprimary location by a licensed racing entity
21 within the primary market area of a racetrack where the
22 licensed racing entity conducts horse race meetings shall
23 require approval of the commission.

24 (ii) A licensed racing entity has not established a
25 nonprimary location within the secondary market area of a
26 racetrack if the nonprimary location is approved by the
27 commission.

28 (iii) A licensed racing entity has not established a
29 nonprimary location in an area outside the primary and
30 secondary market areas of any racetrack if the location

1 is approved by the commission.

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

4 (3) The commission shall annually conduct inspections of
5 the primary facility.

6 (4) The regulatory authority of the commission shall
7 apply to nonprimary locations and any employees or racing
8 vendors of the licensed racing entity establishing the
9 nonprimary location.

10 (b) Taxation and records.--Money wagered at all primary and
11 nonprimary locations under this chapter shall be included in
12 common pari-mutuel pools. Money wagered by patrons on the races
13 shall be computed by the amount of money wagered each racing day
14 for purposes of taxation under section 9334 (relating to State
15 Racing Fund and tax rate). The licensed racing entity conducting
16 the horse race meeting and maintaining the pari-mutuel pools
17 shall maintain accurate records of the amount wagered in each
18 pool from every primary and nonprimary location.

19 (c) Retention.--Money retained under section 9334 shall be
20 calculated for each location where pari-mutuel wagering is being
21 conducted. If wagering has taken place at a nonprimary location
22 where the wagering is conducted by a licensed racing entity
23 other than the licensed racing entity conducting the horse race
24 meeting, the licensed racing entity conducting the horse race
25 meeting shall retain any money to which it is entitled by
26 agreement. The licensed racing entity conducting the horse race
27 meeting shall pay over the balance of the retained money to the
28 licensed racing entity conducting the wagering at the nonprimary
29 location.

30 (d) Payment of purses.--A licensed racing entity conducting

1 a horse race meeting where pari-mutuel wagering is conducted at
2 one or more nonprimary locations shall distribute money to the
3 horsemen's organization, or, in accordance with the practice of
4 the parties, to be used for payment of purses at that racetrack,
5 as follows:

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

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

12 (3) When the gross wagering handle on the races at a
13 nonprimary location on a given day is between \$30,000 and
14 \$75,000, the percentage may not be less than 4.75%.

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

21 (5) Where the horse race meeting is being conducted to
22 be used for the payment of purses at the racetrack and one-
23 half to the horsemen's organization, or in accordance with
24 the practice of the parties, at the racetrack within the
25 primary market area to be used for the payment of purses at
26 the racetrack.

27 Nothing in this subsection shall be construed to prevent a
28 licensed racing entity from agreeing to distribute amounts
29 greater than the percentages set forth in this subsection.

30 However, if no alternative agreement has been reached, the total

1 percentage for purses under this subsection shall be paid in
2 accordance with the minimum percentages set forth in this
3 subsection.

4 (e) Other payments.--Notwithstanding any other provision of
5 this chapter, a nonprimary location may be established within
6 the primary market area of a racetrack by agreement between the
7 licensed racing entity and the horsemen's organization at the
8 racetrack specifying the total percentage of handle wagered at
9 the nonprimary location to be distributed to the horsemen's
10 organization, or, in accordance with the practice of the
11 parties, to be used for the payment of purses at that racetrack.
12 If no agreement is reached covering the locations, the total
13 percentage to be paid for purses shall be the same as that
14 applied to on-track wagering at the racetrack located within the
15 primary market area.

16 § 9332. Books and records of pari-mutuel wagering.

17 Every licensed racing entity that conducts a horse race
18 meeting at which pari-mutuel wagering is authorized shall
19 maintain books and records that clearly show by separate record
20 the total amount of money contributed to every pari-mutuel pool.
21 The Department of Revenue or its authorized representative shall
22 have access to examine all books and records and ascertain
23 whether the proper amount due to the State is being paid by the
24 licensed racing entity.

25 § 9333. Filing of certain agreements with commission.

26 A licensed racing entity shall promptly file with the
27 commission any lease agreement concerning any concession, labor
28 management relation, hiring of designated classes of officers,
29 employees or contractors specified by the commission or any
30 other contract or agreement as the commission may prescribe.

1 § 9334. State Racing Fund and tax rate.

2 (a) Fund.--There is hereby established in the State Treasury
3 the State Racing Fund. For fiscal year 2015-2016, money in the
4 fund is appropriated on a continuing basis to the department for
5 the purposes of administering this chapter. Beginning on July 1,
6 2016, all money deposited in the fund, except money deposited in
7 restricted accounts, shall be annually appropriated by the
8 General Assembly for the administration and enforcement of this
9 chapter and for the oversight and promotion of horse racing in
10 this Commonwealth. A licensed racing entity that conducts horse
11 race meetings or a secondary pari-mutuel organization shall pay
12 a tax to the Department of Revenue for deposit in the State
13 Racing Fund.

14 (b) Tax rate.--The tax imposed on a licensed racing entity
15 or secondary pari-mutuel organization shall be 1.5% of the
16 amount wagered each racing day on win, place or show wagers and
17 2.5% of the total amount on an exotic wager, including an
18 exacta, daily double, quinella and trifecta wager.

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

21 (1) For the administration and enforcement of this
22 chapter including:

23 (i) Funds to the commission in an amount
24 appropriated by the General Assembly.

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

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

30 (i) Fifty percent shall remain in the State Racing

1 Fund as a carry forward balance to the next fiscal year.
2 Any carry forward balance shall be first applied to the
3 cost of equine testing under section 9374 (relating to
4 costs of enforcement of medication rules or regulations)
5 and, if any still remains, for commission expenses as
6 budgeted by the General Assembly.

7 (ii) Fifty percent shall be divided equally and
8 distributed as follows:

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

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

15 (d) Breakage.--All breakage retained under section 9335
16 (relating to pari-mutuel pool distribution) by licensed racing
17 entities that conduct horse race meetings shall be distributed
18 in the following manner:

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

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

24 (e) Other revenues.--The State Racing Fund may also receive
25 moneys from any other source, including, but not limited to
26 appropriations made by the General Assembly.
27 § 9335. Pari-mutuel pool distribution.

28 (a) Distribution.--A licensed racing entity shall distribute
29 money in a pari-mutuel pool to the holders of winning tickets
30 presented for payment before the first day of April of the year

1 following the date of purchase. Failure to present a winning
2 ticket within the prescribed period of time shall constitute a
3 waiver of the right to participate in the award or dividend.
4 After April 1 of the year following the year of purchase, a
5 licensed racing entity shall forward the necessary funds held
6 for uncashed tickets to the Department of Revenue. The funds
7 shall be deposited into the State Racing Fund.

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

10 (1) Seventeen percent of the money plus the breakage
11 from regular wagering pools or 19% of the money plus the
12 breakage from regular wagering pools for licensed racing
13 entities whose daily total in all pari-mutuel pools averaged
14 less than \$300,000.

15 (2) Twenty percent of the money plus breakage from the
16 exacta, daily double, quinella and other wagering pools as
17 determined by the commission.

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

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

23 § 9336. Pennsylvania Breeding Fund.

24 (a) Establishment.--There is created a restricted account in
25 the State Racing Fund to be known as the Pennsylvania Breeding
26 Fund which shall consist of the money deposited under section
27 9334 (relating to State Racing Fund and tax rate) and any
28 provision of 4 Pa.C.S. Pt. II (relating to gaming) and which
29 shall be distributed by the commission.

30 (A.1) EFFECTIVE DATES.--IF AT LEAST \$10,000,000 MORE THAN

<--

1 THE AMOUNT DEPOSITED INTO THE PENNSYLVANIA BREEDING FUND IN 2016
2 UNDER SUBSECTION (A) IS DEPOSITED INTO THE PENNSYLVANIA BREEDING
3 FUND, THIS SUBSECTION AND SUBSECTION (D.1) SHALL BECOME
4 EFFECTIVE ON JANUARY 1 OF THE YEAR FOLLOWING THE EFFECTIVE DATE
5 OF THE DEPOSIT, AND SHALL REMAIN EFFECTIVE FOR EACH YEAR THE
6 DEPOSIT AMOUNT UNDER THIS SUBSECTION IS MET. IF IN ANY YEAR THE
7 FUNDING REQUIREMENT UNDER THIS SUBSECTION IS NOT MET,
8 SUBSECTIONS (C) AND (D) SHALL REMAIN IN EFFECT FOR THE FOLLOWING
9 YEAR.

10 (b) Awards from the Pennsylvania Breeding Fund.--The
11 commission shall distribute money from the Pennsylvania Breeding
12 Fund as follows:

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

25 (2) An award of 10% of the purse earned by any
26 registered Pennsylvania-bred thoroughbred race horse which
27 finishes first, second or third in any race conducted by a
28 licensed racing entity under this chapter shall be paid to
29 the owner of the registered Pennsylvania sire which regularly
30 stood in Pennsylvania at the time of conception of the

1 Pennsylvania-bred thoroughbred race horse. A single award
2 under this paragraph may not exceed 0.5% of the total annual
3 fund money.

4 (3) AN AWARD OF 10% OF THE PURSE EARNED BY ANY <--
5 REGISTERED PENNSYLVANIA-BRED THOROUGHBRED RACE HORSE THAT
6 FINISHES FIRST IN ANY RACE NOT RESTRICTING ENTRY TO
7 REGISTERED PENNSYLVANIA-BRED THOROUGHBRED RACE HORSES
8 CONDUCTED BY A LICENSED RACING ENTITY UNDER THIS CHAPTER
9 SHALL BE PAID TO THE OWNER OF THE REGISTERED PENNSYLVANIA-
10 BRED THOROUGHBRED RACE HORSE AT THE TIME OF WINNING. A SINGLE
11 AWARD UNDER THIS PARAGRAPH MAY NOT EXCEED .5% OF THE TOTAL
12 ANNUAL FUND MONEY.

13 ~~(3)~~ (4) This subsection shall expire at 11:59 p.m. on <--
14 December 31, 2016.

15 (b.1) Awards from the Pennsylvania Breeding Fund.--The
16 commission shall distribute money from the Pennsylvania Breeding
17 Fund as follows:

18 (1) An award of 40% of the purse earned by every
19 registered Pennsylvania-bred thoroughbred race horse sired by
20 a registered Pennsylvania sire at the time of conception of
21 the registered Pennsylvania-bred thoroughbred race horse
22 which finishes first, second or third in any race conducted
23 by a licensed racing entity under this chapter shall be paid
24 to the breeder of the registered Pennsylvania-bred
25 thoroughbred race horse.

26 (2) An award of 20% of the purse earned by every
27 registered Pennsylvania-bred thoroughbred race horse sired by
28 a nonregistered sire, which finishes first, second or third
29 in any race conducted by a licensed racing entity under this
30 chapter shall be paid to the breeder of the registered

1 Pennsylvania-bred thoroughbred race horse.

2 (3) A single award under paragraphs (1) and (2) may not
3 exceed 1% of the total annual fund money.

4 (4) An award of 10% of the purse earned by any
5 registered Pennsylvania-bred thoroughbred race horse which
6 finishes first, second or third in any race conducted by a
7 licensed racing entity under this chapter shall be paid to
8 the owner of the registered Pennsylvania sire which regularly
9 stood in Pennsylvania at the time of conception of the
10 Pennsylvania-bred thoroughbred race horse. A single award
11 under this paragraph may not exceed 0.5% of the total annual
12 fund money.

13 (c) Purses from Pennsylvania Breeding Fund.--

14 (1) Up to one-fifth of the total of the estimated
15 Pennsylvania Breeding Fund money remaining each year after
16 the deduction of expenses related to the administration and
17 development of the Pennsylvania Breeding Fund program and the
18 payment of breeder and stallion awards, UNDER SUBSECTION (B) <--
19 OR (B.1) shall be divided among the licensed racing entities
20 that conduct thoroughbred horse race meetings in direct
21 proportion to the rate by which each licensed racing entity
22 generated the fund money during the previous year to be used
23 solely for purses for Pennsylvania Breeding Fund stakes races
24 which restrict entry to a registered Pennsylvania-bred
25 thoroughbred race horse.

26 (2) This subsection shall expire at 11:59 p.m. on <--
27 December 31, 2016. UPON THE DATE SUBSECTION (A.1) IS <--
28 IMPLEMENTED. IF IN ANY YEAR THE FUNDING REQUIREMENT UNDER
29 SUBSECTION (A.1) IS NOT MET, THIS SUBSECTION SHALL REMAIN IN
30 EFFECT FOR THAT YEAR.

1 (d) Remaining funds.--The Pennsylvania Breeding Fund money
2 remaining following disbursements as directed in subsections ~~(b)~~ <--
3 ~~(1) and (2)~~ (B) OR (B.1) and (c) shall be divided among the <--
4 licensed racing entities that conduct thoroughbred horse race
5 meetings in direct proportion to the rate by which each licensed
6 racing entity generated the fund money during the previous year
7 to be used for purses as follows:

8 (1) Claiming and nonclaiming Pennsylvania Breeding Fund
9 racers which restrict entry to registered Pennsylvania-bred
10 thoroughbred race horses.

11 (2) Claiming and nonclaiming Pennsylvania Breeding Fund
12 racers which prefer registered Pennsylvania-bred thoroughbred
13 race horses as starters. In these races, should eight or more
14 registered Pennsylvania-bred thoroughbred race horses pass
15 the entry box, the race shall be considered closed to horses
16 other than registered Pennsylvania-bred thoroughbred race
17 horses.

18 (3) This subsection shall expire at 11:59 p.m. on <--
19 December 31, 2016. UPON THE DATE SUBSECTION (A.1) IS <--
20 IMPLEMENTED. IF IN ANY YEAR THE FUNDING REQUIREMENT UNDER
21 SUBSECTION (A.1) IS NOT MET, THIS SUBSECTION SHALL REMAIN IN
22 EFFECT FOR THAT YEAR.

23 (d.1) Remaining funds from Pennsylvania Breeding Fund.--The
24 estimated Pennsylvania Breeding Fund money remaining each year <--
25 after the deduction of expenses related to the administration
26 and development of the Pennsylvania Breeding Fund Program and
27 the payment of breeder and stallion awards under subsection <--
28 (b.1) shall be divided among the licensed racing entities that
29 conduct thoroughbred horse race meetings in direct proportion to
30 the rate by which each licensed racing entity generated the fund

1 money during the previous year to be used solely for purses as
2 follows:

3 (1) Fifty percent shall be used to award a bonus to the
4 owner of, or pay purses of races that restrict entry to, a
5 registered Pennsylvania-bred thoroughbred race horse sired by
6 a registered Pennsylvania sire.

7 (2) Fifty percent shall be used to award a bonus to the
8 owner of, or pay purses of races that restrict entry to, a
9 registered Pennsylvania-bred thoroughbred race horse.

10 (3) In all claiming and nonclaiming races which prefer
11 registered Pennsylvania-bred thoroughbred race horses as
12 starters, if eight or more registered Pennsylvania-bred
13 thoroughbred race horses pass the entry box, the race shall
14 be considered closed to horses other than registered
15 Pennsylvania-bred thoroughbred race horses.

16 (e) Funds not expended.--

17 (1) Pennsylvania Breeding Fund money due to licensed
18 racing entities, as outlined in subsections (c) and (d), but
19 not expended during the calendar year may be carried forth in
20 the fund on the accounts of the licensed racing entities to
21 be expended during the succeeding year in addition to the
22 licensed racing entities' fund money annually due to them for
23 purses. This paragraph shall expire at 11:59 p.m. on December
24 31, 2016.

25 (2) Pennsylvania Breeding Fund money due to licensed
26 racing entities, as outlined in subsections (b.1) and (d.1),
27 but not expended during the calendar year may be carried
28 forth in the fund on the accounts of the licensed racing
29 entities to be expended during the succeeding year in
30 addition to the racing entities' fund money annually due to

1 them for purses.

2 (f) Pennsylvania Horse Breeders' Association.--The
3 commission shall contract with the Pennsylvania Horse Breeders'
4 Association as the organization responsible for the registration
5 and records of Pennsylvania-bred thoroughbred race horses. The
6 Pennsylvania Horse Breeders' Association shall advise the
7 commission when called upon and shall determine the
8 qualifications for Pennsylvania-bred thoroughbred race horses
9 and Pennsylvania sires. Registration and records of the
10 association shall be official records of the Commonwealth and
11 shall be subject to the act of February 14, 2008 (P.L.6, No.3),
12 known as the Right-to-Know Law. At the close of each calendar
13 year, the Pennsylvania Horse Breeders' Association shall submit
14 to the commission for its approval an itemized budget of
15 projected expenses for the ensuing year relating to the
16 administration and development of the Pennsylvania Breeding Fund
17 Program. The commission, on no more than a quarterly basis,
18 shall reimburse from the fund the Pennsylvania Horse Breeders'
19 Association for those expenses actually incurred in the
20 administration and development of the Pennsylvania Breeding Fund
21 Program.

22 § 9337. Pennsylvania Sire Stakes Fund.

23 (a) Establishment.--There is created a restricted account in
24 the State Racing Fund to be known as the Pennsylvania Sire
25 Stakes Fund which shall consist of the money deposited under
26 section 9334 (relating to State Racing Fund and tax rate) and
27 any provision of 4 Pa.C.S. Pt. II (relating to gaming) and which
28 shall be administered by the commission.

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

1 (1) Sixty percent of the money remaining in the excess
2 fund account of the Pennsylvania Sire Stakes Fund at the end
3 of the calendar year in which this subsection is enacted
4 shall be distributed to licensed racing entities that conduct
5 standardbred horse race meetings to be used in the next
6 succeeding calendar year as purse money for Pennsylvania-
7 sired horses. The remaining 40% of the money in the excess
8 fund account at the end of the calendar year of the enactment
9 of this subsection, together with the interest earned on that
10 money, shall be distributed to licensed racing entities that
11 conduct standardbred horse race meetings to be used in the
12 next succeeding calendar year as purse money for
13 Pennsylvania-sired horses.

14 (2) After deduction of sufficient funds to cover the
15 commission's cost of administration, 80% of all remaining
16 money in the Pennsylvania Sire Stakes Fund at the end of the
17 calendar year shall be distributed to licensed racing
18 entities that conduct standardbred horse race meetings to be
19 used as purse money for Pennsylvania-sired horses. The
20 commission may allocate up to a total of 40% of the amount to
21 be distributed to licensed racing entities in a calendar year
22 for use for a series of championship final races at the
23 racetracks of licensed business entities that conduct
24 standardbred horse race meetings. The commission shall
25 distribute the money to these championship final races in an
26 equal amount for each sex, age and gait for two-year-old
27 trotters and pacers and three-year-old trotters and pacers
28 based on conditions establishing eligibility to these final
29 events. No pari-mutuel standardbred racetrack shall be
30 awarded more than 50% of the championship final races in any

1 calendar year. The commission shall schedule these final
2 events so as to evenly alternate classes at each racetrack
3 each year. After the allocation for the championship final
4 aces has been determined, the remaining funds to be
5 distributed to licensed racing entities that conduct
6 standardbred horse race meetings shall be divided equally
7 among the licensed racing entities. Each licensed racing
8 entity shall divide the funds received equally for each of:

9 (i) four two-year-old races; one pace for colts, one
10 pace for fillies, one trot for colts and one trot for
11 fillies; and

12 (ii) four three-year-old races; one pace for colts,
13 one pace for fillies, one trot for colts and one trot for
14 fillies.

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

18 (d) Entry restriction.--Entry for these races shall be
19 limited to standardbred horses which were sired by a
20 standardbred stallion regularly standing in Pennsylvania and
21 each race shall be designated a Pennsylvania sire stakes race.
22 The commission shall adopt regulations as necessary to
23 administer the entry restriction.

24 (e) Agricultural fairs and events.--

25 (1) The following shall apply:

26 (i) The remaining money in the Pennsylvania Sire
27 Stakes Fund, up to a total of \$75,000 for each
28 agricultural fair and one-day or two-day events as
29 defined in the commission's regulations, shall be divided
30 equally among the agricultural fairs and one-day or two-

1 day events.

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

4 (iii) No more than two one-day or two-day events per
5 county may be authorized by the commission except if,
6 after a date established by the commission, the five
7 events referenced under subparagraph (ii) conducting
8 harness horse races for two-year-old and three-year-old
9 harness horses have not been allocated.

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

15 (2) Each fair or one-day or two-day event receiving
16 funds under this subsection shall divide the total amount
17 equally among all eligible races for two-year-old and three-
18 year-old harness horses and shall apply the funds solely as
19 additional purse funds. Only races to which entry is
20 restricted to Pennsylvania-sired horses shall be eligible.
21 The commission shall provide for and promulgate regulations
22 necessary for the proper administration of racing provided
23 for under this subsection, including, but not limited to,
24 portable stall rentals at one-day or two-day events.

25 § 9338. Fair fund proceeds.

26 (a) Distribution.--The Department of Agriculture shall
27 distribute money in the fair fund annually, on or before March
28 1, for reimbursement for each county agricultural society and
29 each independent agricultural society conducting standardbred
30 horse racing during its annual fair, other than races for two-

1 year-old colts and fillies and three-year-old colts and fillies,
2 an amount of money equal to that used during their annual fair
3 as purse money for standardbred horse racing, track and stable
4 maintenance, starting gate rental and the cost of all
5 standardbred horse racing officials required during their annual
6 fair. The reimbursement amount may not be more than \$13,000, a
7 minimum of \$4,000 of which must be used for purse money and the
8 balance of the allotment per fair, not used for purse money over
9 the minimum \$4,000 allotment, shall be used for the specific
10 purposes referenced above or otherwise the allotment shall be
11 retained in the fund.

12 (b) Inspection.--The commission shall annually inspect each
13 track facility at a county fair and advise each operating fair
14 about track maintenance which is necessary to ensure adequate
15 racing surface during the course of scheduled fairs and racing
16 events. If it is the opinion of the commission that the fair
17 society or event sponsor is not adequately financing track
18 maintenance, the Department of Revenue shall surcharge the fair
19 fund account of the fair society or event sponsor to effectuate
20 the remediation. The commission may contract with, hire or
21 otherwise consult with race track surface experts to carry out
22 the provisions of this section.

23 § 9339. Hearing.

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

1 regulations.

2 § 9340. Prohibition of wagering.

3 (a) General.--No commissioner or employee of the commission
4 shall wager upon the outcome of any horse race conducted at or
5 simulcast to a track at which pari-mutuel wagering is conducted
6 by any licensed racing entity regulated by the commission. No
7 licensed racing entity shall permit any person who is under 18
8 years of age to wager at a horse race meeting conducted by the
9 licensed racing entity. No licensed racing entity shall permit
10 any person who is under 18 years of age to attend a horse race
11 meeting conducted by the licensed racing entity unless the
12 person is accompanied by a parent or guardian. This section
13 shall not be construed to prohibit persons under 18 years of
14 age, who are legally employed, from being upon the racetrack
15 premises for the sole purpose of engaging in the performance of
16 their duties as employees.

17 (b) Fair racing.--Pari-mutuel wagering on horse races at any
18 county or other political subdivision, agricultural or other
19 fair shall not be authorized. No lottery, pool selling,
20 bookmaking or any other kind of gambling upon the results of
21 racetrack, heats or contests of speed of horses shall be allowed at
22 any fair or at any horse race meeting conducted in this
23 Commonwealth, except those licensed to operate pari-mutuel
24 wagering under the provisions of this chapter.

25 § 9341. Veterinarians and State stewards.

26 (a) General rule.--The commission shall have the authority
27 to employ or contract with licensed veterinarians, stewards and
28 other personnel deemed appropriate by the commission to serve at
29 each horse race meeting conducted by a licensed racing entity.
30 The commission may employ or contract with other individuals as

1 shall be necessary to carry out the responsibilities of this
2 section.

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

6 § 9342. Promotions and discounts.

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

10 § 9343. Monitoring of wagering on video screens.

11 A licensed racing entity conducting pari-mutuel wagering
12 shall display on video screens the approximate odds or
13 approximate will-pays on each horse for each race as well as a
14 combination of races, including, but not limited to, quinellas,
15 exactas, perfectas and any other combination or pool of races. A
16 display of approximate odds or approximate will-pays is not
17 required where the wager is on horses in four or more races,
18 such as Pick 4, Pick 5 or Pick 6. In addition to displaying the
19 amount of money wagered, the approximate odds or approximate
20 will-pays on each horse or combination of horses must be shown
21 on video screens in each wagering division. For trifectas, in
22 lieu of odds or approximate will-pays, the amount of money being
23 wagered on each horse to win in the trifecta pool must be
24 displayed on video screens separately from any other
25 information. Information must be displayed from the opening of
26 bets or wagering and be continually displayed until the wagering
27 is closed. At least one video screen in each wagering division
28 shall display the amount of money wagered on each horse involved
29 in a trifecta pool.

30 § 9344. Intrastate simulcasting.

1 (a) General rule.--The commission shall permit intrastate
2 simulcasting of live horse racing between the licensed racing
3 entities that conduct live racing.

4 (b) Simulcast signal.--The simulcast signal shall be
5 encoded, and the racetrack receiving the simulcast signal may
6 not send the signal anywhere other than a public location
7 authorized under section 9329 (relating to interstate
8 simulcasting).

9 (c) Forms of pari-mutuel wagering.--All forms of pari-mutuel
10 wagering described in section 9335 (relating to pari-mutuel pool
11 distribution) shall be allowed on a horse race to be simulcasted
12 under this section.

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

15 (e) Computation of money wagered.--The money wagered by a
16 patron on a horse race must be computed in the amount of money
17 wagered each racing day for purposes of taxation under section
18 9334 (relating to State Racing Fund and tax rate).

19 (f) Definition.--As used in this section, the term "racing
20 day" consists of a minimum of eight live races, except at
21 thoroughbred tracks on Breeders' Cup Event Day.

22 § 9345. Commingling.

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

25 (b) Race secretary.--The race secretary shall receive
26 entries and declarations as an agent for the licensed racing
27 entity for which the race secretary acts. The race secretary or
28 an individual designated by the licensed racing entity may
29 receive stakes, forfeits, entrance money, jockey fees and other
30 fees, purchase money in claiming races and other money that can

1 properly come into the race secretary's possession as an agent
2 for the licensed racing entity for which the race secretary or
3 designee is acting.

4 (c) Horsemen's Account.--A licensed racing entity shall
5 maintain a separate account, to be known as a Horsemen's
6 Account. Money owed to owners in regard to purses, stakes,
7 rewards, claims and deposits shall be deposited into the
8 Horsemen's Account. Funds in the account are recognized and
9 denominated as being the sole property of owners. Deposited
10 funds may not be commingled with funds of the licensed racing
11 entity unless a licensed racing entity established an
12 irrevocable clean letter of credit with an evergreen clause in
13 favor of the organization which represents a majority of the
14 owners and trainers racing with the licensed racing entity. The
15 minimum amount of the credit must be the greater of \$1,000,000
16 or 110% of the highest monthly balance in the Horsemen's Account
17 in the immediate prior year. To calculate the monthly balance in
18 the Horsemen's Account, the sum of the daily balances shall be
19 divided by the number of days in the month. The evergreen clause
20 must provide that:

21 (1) thirty days prior to the expiration of the letter of
22 credit, the financial institution can elect not to renew the
23 letter of credit;

24 (2) upon an election under paragraph (1), the financial
25 institution must notify the designee of the organization that
26 represents a majority of the owners and trainers racing with
27 the licensed racing entity, by registered mail, return
28 receipt requested, of the election not to renew; and

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

1 Purse money earned by owners shall be deposited by the licensed
2 racing entity in the Horsemen's Account within 48 hours after
3 the result of the race in which the money was earned has been
4 declared official and the purse has been released by the
5 commission.

6 (d) Accounting.--A licensed racing entity shall designate
7 individuals authorized to receive and disburse funds from the
8 Horsemen's Account. Individuals designated under this subsection
9 shall be bonded to provide indemnity for malfeasance,
10 nonfeasance and misfeasance. A certified copy of the bond shall
11 be filed with the commission.

12 (e) Examination, access and records.--The Horsemen's Account
13 and the investment and deposit schedules relating to the account
14 are subject to examination, at reasonable times, by a designee
15 of the organization which represents a majority of the owners
16 and trainers racing with the licensed racing entity and by the
17 commission. The individual designated under subsection (d) shall
18 provide each owner with access, at reasonable times during a
19 racing day, to the amount of funds in the Horsemen's Account
20 credited to that owner. At the close of a horse race meeting,
21 the designated individual shall mail to each owner a record of
22 deposits, withdrawals and transfers affecting the amount of
23 funds in the Horsemen's Account credited to that owner.

24 (f) Auditing and monthly statements.--The Horsemen's Account
25 shall be audited annually and at any other time determined by
26 the commission. Monthly statements shall be provided to the
27 designee of the organization which represents a majority of the
28 owners and trainers racing with the licensed racing entity and
29 the commission.

30 (g) Interest.--Fifty percent of the money earned as interest

1 on funds in the Horsemen's Account shall be paid to the
2 organization that represents a majority of the owners and
3 trainers racing with the licensed racing entity on a weekly
4 basis. The amount is for the benefit of the horsemen as
5 determined by the organization that represents the majority of
6 the owners and trainers racing with the licensed racing entity.
7 The remaining 50% of the interest earned is for the benefit of
8 the licensed racing entity that has the responsibility to fund
9 the costs associated with the administration of the fund.
10 Interest each month must be earned in an amount equal to the
11 Federal Reserve Discount Rate on the first day of the month.
12 \$ 9346. Standardbred horse racing purse money.

13 A licensed racing entity that conducts standardbred horse
14 racing must place on deposit with the commission by March 1 of
15 each year an irrevocable letter of credit equivalent to its
16 average weekly purse total from the immediate prior year. The
17 commission shall hold the letter of credit in trust for the
18 standardbred horsemen racing at that licensed racing entity's
19 horse race meeting if the purse checks are not issued or
20 insufficient funds are available to cover the purse checks.

21 SUBCHAPTER C

22 ADDITIONAL LICENSING REQUIREMENTS FOR LICENSED 23 RACING ENTITY, SECONDARY PARI-MUTUEL ORGANIZATION, 24 TOTALISATOR AND RACING VENDORS

25 Sec.
26 9351. General license requirements.
27 9352. Licensing costs and fees.
28 9353. License application procedures.
29 9354. Oral presentation by applicant.
30 9355. Additional information.

1 9356. Operations.

2 9357. Transfers of licenses.

3 9358. Duration of license.

4 9359. Penalties and enforcement.

5 § 9351. General license requirements.

6 (a) New application.--A licensed racing entity or secondary
7 pari-mutuel organization seeking to offer electronic wagering to
8 individuals within this Commonwealth must apply to the
9 commission for a license by submitting a completed license
10 application. Except for a licensed racing entity the license
11 shall take effect and the secondary pari-mutuel organization may
12 begin operations after approval by the commission.

13 (a.1) Application.--A totalisator service provider or racing
14 vendor, as determined by the commission, seeking to provide
15 those services within this Commonwealth must apply to the
16 commission for a license by submitting a completed application.

17 (b) Renewal applications.--

18 (1) A license for a totalisator or racing vendor must be
19 renewed annually in accordance with this chapter.

20 (2) An electronic wagering license issued to a licensed
21 racing entity or a secondary pari-mutuel organization shall
22 be renewed annually. An electronic wagering renewal
23 application shall be submitted on or before 120 days before
24 the expiration of the license term. If the application is
25 approved by the commission, the license renewal shall take
26 effect January 1.

27 § 9352. Licensing costs and fees.

28 Costs and fees are as follows:

29 (1) The applicant shall pay all costs incurred by the
30 commission in reviewing an application for an initial

1 license, including legal and investigative costs and the cost
2 of other necessary outside professionals and consultants in
3 accordance with the following:

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

9 (ii) Any portion of the payment not required to
10 complete the investigation shall be refunded to the
11 applicant within 20 days of the granting, withdrawal or
12 rejection of the initial license application.

13 (iii) To the extent additional costs will be
14 necessary, the applicant shall submit a cashier's check
15 or certified check payable to the commission in an amount
16 reasonably requested by the commission within 10 days of
17 receipt of the request. Failure to submit an additional
18 requested payment shall result in suspension of the
19 processing of the license application and may result in
20 denial of the license.

21 (2) An applicant for a renewal license shall pay all
22 reasonable costs incurred by the commission in reviewing a
23 renewal license, including legal and investigative costs and
24 the cost of other necessary outside professionals and
25 consultants in accordance with the following:

26 (i) The applicant shall submit a cashier's check or
27 certified check payable to the commission in an amount
28 reasonably requested by the commission within 10 days of
29 receipt of request.

30 (ii) Failure to submit the payment shall result in

1 suspension of the processing of renewing the license and
2 may result in denial of the license.

3 (3) Initial license fee:

4 (i) The fee for an electronic wagering license under
5 section 9351(a) (relating to general license
6 requirements) shall be \$500,000. If an applicant that is
7 also a Category 1 slot machine licensee or its corporate
8 successor or affiliate paid the license fee under 4
9 Pa.C.S. § 1209 (relating to slot machine license fee),
10 the fee required under this paragraph shall be deemed
11 paid. A fee paid under this paragraph shall be deposited
12 in the State Racing Fund, or, in the case of a deemed
13 payment, transferred to the State Racing Fund upon
14 certification of the Secretary of the Budget.

15 (ii) The fee for an initial totalisator or racing
16 vendor license under section 9351(a.1) shall be \$25,000
17 and shall be deposited in the State Racing Fund.

18 (4) License renewal fee:

19 (i) The fee for an electronic wagering license
20 renewal under section 9351(b)(2) shall be \$100,000. If an
21 existing licensee under this section that is also a
22 Category 1 slot machine licensee or its corporate
23 successor or an affiliate paid the license fee under 4
24 Pa.C.S. § 1209, the fee required under this paragraph
25 shall be deemed paid. A license renewal may not be issued
26 until receipt of the license renewal fee. The license fee
27 shall be deposited into the State Racing Fund, or, in the
28 case of a deemed payment, it shall be transferred to the
29 State Racing Fund.

30 (ii) The fee for the renewal of a totalisator or

1 racing vendor license under section 9351(b)(1) shall be
2 \$5,000 and shall be deposited in the State Racing Fund.

3 (5) The commission shall be reimbursed for any
4 additional costs required to implement and enforce this
5 chapter.

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

17 § 9353. License application procedures.

18 (a) Application for license.--An application for an initial
19 or renewal license shall be in the form and manner prescribed by
20 the commission in accordance with this chapter. The commission
21 may deny a license to an applicant that provides false or
22 misleading information on or omits material information from the
23 application. The application shall include all of the following:

24 (1) The applicant's legal name.

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

26 (3) The name, address and date of birth of each
27 principal with a 5% or greater share of ownership or
28 beneficial interest in the applicant.

29 (4) Audited financial statements for the last three
30 years or, if the applicant does not have audited financial

1 statements, financial and other pertinent information as
2 required by the commission to determine that the applicant is
3 financially capable of operating as a going concern and
4 protecting accounts.

5 (5) A detailed plan of how the wagering system will
6 operate. The commission may require changes in the proposed
7 plan of operations as a condition of granting a license.
8 There shall not be subsequent material changes in the plan of
9 operations unless ordered by the commission or until approved
10 by the commission after receiving a written request.

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

14 (7) Copies of all documents required under this
15 subsection by the commission.

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

21 (1) The integrity of the applicant and its principals,
22 including:

23 (i) Whether the applicant or its principals are
24 unsuitable.

25 (ii) Whether the applicant or its principals have
26 been a party to litigation over business practices,
27 disciplinary actions over a business license or refusal
28 to renew a license.

29 (iii) Whether the applicant or its principals have
30 been a party to proceedings in which unfair labor

1 practices, discrimination or violation of government
2 regulations pertaining to racing or gaming laws was an
3 issue or bankruptcy proceedings.

4 (iv) Whether the applicant or its principals have
5 failed to satisfy judgments, orders or decrees.

6 (v) Whether the applicant or its principals have
7 been delinquent in filing tax reports or remitting taxes.

8 (2) The quality of physical facilities and equipment.

9 (3) The financial ability of the applicant to conduct
10 wagering.

11 (4) The protections provided to safeguard accounts,
12 including a certification from the licensee's chief financial
13 officer that account funds will not be commingled with other
14 funds as required under this chapter.

15 (5) The management ability of the applicant and its
16 principals.

17 (6) Compliance of the applicant with applicable
18 statutes, charters, ordinances and administrative
19 regulations.

20 (7) The efforts of the applicant to promote, develop and
21 improve the horse racing industry in this Commonwealth.

22 (8) The efforts of the applicant to safeguard and
23 promote the integrity of pari-mutuel wagering in this
24 Commonwealth.

25 (9) The economic impact of the applicant upon the
26 Commonwealth.

27 § 9354. Oral presentation by applicant.

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

30 (1) The commission may require an applicant to make an

1 oral presentation prior to the ruling in order to clarify or
2 otherwise respond to questions concerning the application as
3 a condition to the issuance or renewal of a license.

4 (2) The presentation shall be limited to the information
5 contained in the applicant's application and any supplemental
6 information relevant to the commission's determination of the
7 applicant's suitability.

8 (3) The admission as evidence of the supplemental
9 information shall be subject to the discretion of the
10 commission.

11 (b) Incomplete application.--If the commission deems an
12 applicant's application incomplete and does not accept it for
13 filing, the applicant shall not be entitled to make an oral
14 presentation.

15 § 9355. Additional information.

16 The commission may request additional information from an
17 applicant if the additional information would assist the
18 commission in deciding whether to issue or renew a license,
19 including all of the following:

20 (1) Copies of any documents used by the applicant in
21 preparing the application.

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

25 § 9356. Operations.

26 (a) Prior to operating requirements.--Before doing business
27 in this Commonwealth all of the following are required of a
28 licensee:

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

30 (2) Submit a copy of each document required to be filed

1 with the Department of Revenue and each document related to
2 an audit or investigation by any Federal, State or local
3 regulatory agency to the commission.

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

7 (b) Requirements.--

8 (1) A licensee shall submit quarterly reports to the
9 commission providing amounts wagered by residents in this
10 Commonwealth and amounts wagered on races in this
11 Commonwealth.

12 (2) A licensee shall enter into an agreement with each
13 licensed racing entity in this Commonwealth on whose races
14 the licensee offers wagering regarding payment of host fees
15 and any other applicable fees, costs or payments of any kind
16 to be paid to the licensed racing entity. The licensed racing
17 entity and the applicable horsemen's organization shall
18 negotiate a separate agreement for contributions to the purse
19 account.

20 (3) A licensee shall not commingle account funds with
21 other funds.

22 (4) A licensee shall provide quarterly financial
23 statements to the commission for the first calendar year of
24 operation if the licensee does not have audited financial
25 statements for the last three years as referenced in section
26 9353(a) (4) (relating to license application procedures).

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

29 (6) A licensee shall operate and communicate with the
30 totalisator in such a way as not to provide or facilitate a

1 wagering advantage based on access to information and
2 processing of wagers by account holders relative to
3 individuals who wager at licensed racing entities or
4 simulcast facilities.

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

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

11 (9) Each account holder shall provide personal
12 information as the licensee and the commission require,
13 including all of the following:

14 (i) Name.

15 (ii) Principal residence address.

16 (iii) Telephone number.

17 (iv) Social Security number.

18 (v) Date of birth.

19 (vi) Other information necessary for account
20 administration.

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

26 (11) The licensee shall provide each account holder a
27 secure personal identification code and password to be used
28 by the account holder to confirm the validity of every
29 account transaction.

30 (12) An employee or agent of the licensee shall not

1 disclose any confidential information except as follows:

2 (i) To the commission.

3 (ii) To the account holder as required by this
4 chapter.

5 (iii) To the licensee and its affiliates.

6 (iv) To the licensed racing entity as required by
7 the agreement between the licensee and the licensed
8 racing entity.

9 (v) As otherwise required by law.

10 (13) The licensee shall provide each account holder a
11 copy of account holder rules and the terms of agreement and
12 other information and materials that are pertinent to the
13 operation of the account.

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

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

21 (i) Placing of wagers.

22 (ii) Deposits to accounts.

23 (iii) Credits to accounts.

24 (iv) Debits to accounts.

25 (v) Refunds to accounts.

26 (vi) Withdrawals from accounts.

27 (vii) Minimum deposit requirements.

28 (viii) Fees per wager.

29 (ix) Rebates.

30 (16) Each licensee shall have protocols in place and

1 shall publicize to its account holders when the wagers are
2 excluded from a host racetrack's wagering pool. These
3 protocols shall include an immediate electronic mail message
4 to affected account holders and immediate posting on the
5 licensee's publicly accessible Internet website.

6 (17) A licensee shall maintain complete records of the
7 application and the opening of an account for the life of the
8 account plus two additional years. A licensee shall also
9 maintain complete records of the closing of an account for
10 two years after closing. These records shall be provided to
11 the commission upon request.

12 (18) A licensee shall maintain complete records of all
13 transactions, including deposits, credits, debits, refunds,
14 withdrawals, fees, wagers, rebates and earnings for two
15 years. These records shall be provided to the commission upon
16 request.

17 (19) All wagering conversations, transactions or other
18 wagering communications, verbal or electronic, shall be
19 recorded by means of the appropriate electronic media and the
20 tapes or other records of the communications shall be kept by
21 the licensee for a period of two years. These tapes and other
22 records shall be made available to the commission upon
23 request.

24 (20) The recording of the confirmation of the
25 transaction, as reflected in the voice or other data
26 recording, shall be deemed to be the actual wager regardless
27 of what was recorded by the totalisator.

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

30 (22) The commission may monitor the equipment and staff

1 and review the records of a licensee and any of the
2 transactions conducted by the licensee with regards to wagers
3 made by residents of this Commonwealth.

4 (23) A licensee may suspend or close any account for
5 violation of the account holder rules and the terms of
6 agreement or any other reason it deems sufficient, if the
7 licensee returns to the account holder all money then on
8 deposit within seven calendar days.

9 § 9357. Transfers of licenses.

10 A transfer of licenses shall be done in accordance with the
11 following:

12 (1) A license issued under this chapter shall not be
13 transferable or assignable.

14 (2) A substantial change in ownership in a licensee
15 shall result in termination of the license unless prior
16 written approval has been obtained from the commission. A
17 request for approval of a substantial change in ownership
18 shall be made on a form designated by the commission. Upon
19 receipt of all required information, the commission shall, as
20 soon as practicable, make a determination whether to
21 authorize and approve the substantial change in ownership.

22 (3) Notice of a nominal change in ownership shall be
23 filed with the commission within 15 days of the execution of
24 the documents upon which the proposed nominal change in
25 ownership will be based.

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

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

30 (ii) The transfer of an ownership interest in a

1 licensed racing entity, whether substantial or nominal,
2 direct or indirect, if by a publicly traded corporation,
3 and if the beneficial ownership transferred is acquired
4 by an individual who holds the voting securities of the
5 publicly traded corporation for investment purposes only.

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

9 § 9358. Duration of license.

10 A license issued under this ~~chapter~~ SUBCHAPTER shall be valid <--
11 for one calendar year for which the license is issued.

12 § 9359. Penalties and enforcement.

13 All of the following apply:

14 (1) The commission shall have all of the rights, powers
15 and remedies necessary to carry out this chapter and to
16 ensure compliance with this chapter, including revocation,
17 suspension or modification of a license and the imposition of
18 finances under section 9325 (relating to power of commission to
19 impose fines).

20 (2) With respect to an individual or entity that offers
21 pari-mutuel wagering to residents of this Commonwealth
22 without a license issued by the commission, the commission
23 may take the measures deemed necessary, including referral to
24 the appropriate regulatory and law enforcement authorities
25 for civil action or criminal penalties.

26 (3) Upon the finding of a violation by a secondary pari-
27 mutuel organization or totalisator of this chapter or of a
28 commission regulation or order or upon the finding of
29 unlicensed electronic or advanced deposit account wagering by
30 an individual or entity, the commission may impose a fine as

1 authorized under section 9325.

2 SUBCHAPTER D

3 COMPLIANCE

4 Sec.

5 9361. Tax compliance requirement.

6 § 9361. Tax compliance requirement.

7 (a) Applicant.--An applicant must be tax compliant to be
8 eligible for a license issued under this chapter. Upon receipt
9 of an application for a license, the commission shall request
10 the Department of Revenue to conduct a tax compliance review of
11 the applicant.

12 (b) Licensees.--A licensee must be tax compliant to be
13 eligible for renewal of a license issued under this chapter.
14 Prior to renewing a license, the commission shall request the
15 Department of Revenue to conduct a tax compliance review of the
16 licensee.

17 (c) Commissioners and commission employees.--An individual
18 must be tax compliant to be eligible to serve as a commissioner
19 or to be employed by the commission. Commissioners and
20 commission employees shall be subject to an annual tax
21 compliance review to ensure they are tax compliant. This
22 subsection may not apply to commission employees subject to a
23 collective bargaining agreement.

24 (d) Contractors.--Each contractor of the commission shall be
25 subject to an annual tax compliance review to ensure that the
26 contractor is tax compliant.

27 (e) Review.--The tax compliance review under subsections (a)
28 and (b) and the annual tax compliance review under subsections
29 (c) and (d) must be performed on the dates as determined by the
30 commission.

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

3 "Tax compliant." Being current with all applicable
4 Commonwealth tax filing and reporting obligations for any
5 applicable tax year and current with payment of any balance of
6 tax, interest or penalty due the Commonwealth as determined by
7 the Department of Revenue for an applicable tax year.

8 "Tax compliance review." The process by which the Department
9 of Revenue determines whether an individual or entity is tax
10 compliant.

11 SUBCHAPTER E

12 MEDICATION RULES AND ENFORCEMENT PROVISIONS

13 Sec.

14 9371. Mandatory requirements for medication rules.

15 9372. Establishment of Pennsylvania Race Horse Testing Program.

16 9373. Equipment, supplies and facilities.

17 9374. Costs of enforcement of medication rules or regulations.

18 § 9371. Mandatory requirements for medication rules.

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

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

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

10 § 9372. Establishment of Pennsylvania Race Horse Testing
11 Program.

12 (a) Establishment.--There is hereby established the
13 Pennsylvania Race Horse Testing Program. The program shall be
14 administered by the commission. All costs of the program shall
15 be paid by the appropriations allocated under section 9374
16 (relating to costs of the enforcement of medication rules or
17 regulations).

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

27 § 9373. Equipment, supplies and facilities.

28 The costs of all equipment, supplies and facilities, except
29 holding barns or stables, to be located at race horse meeting
30 facilities, grounds or enclosures or at other locations

1 designated by the management committee shall be paid by the
2 commission.

3 § 9374. Costs of enforcement of medication rules or
4 regulations.

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

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

23 Section 5. Repeals are as follows:

24 (1) The General Assembly declares that the repeal under
25 paragraph (2) is necessary to effectuate the addition of 3
26 Pa.C.S. Ch. 93.

27 (2) Article XXVIII-D of the act of April 9, 1929
28 (P.L.177, No.175), known as The Administrative Code of 1929,
29 is repealed.

30 Section 6. The addition of 3 Pa.C.S. Ch. 93 is a

1 continuation of Article XXVIII-D of the act of April 9, 1929
2 (P.L.177, No.175), known as The Administrative Code of 1929. The
3 following apply:

4 (1) Except as otherwise provided in 3 Pa.C.S. Ch. 93,
5 all activities initiated under Article XXVIII-D of The
6 Administrative Code of 1929 shall continue and remain in full
7 force and effect and may be completed under 3 Pa.C.S. Ch. 93.
8 Orders, regulations, rules and decisions which were made
9 under Article XXVIII-D of The Administrative Code of 1929 and
10 which are in effect on the effective date of section 5(2) of
11 this act shall remain in full force and effect until revoked,
12 vacated or modified under 3 Pa.C.S. Ch. 93. Contracts,
13 obligations and collective bargaining agreements entered into
14 under Article XXVIII-D of The Administrative Code of 1929 are
15 not affected nor impaired by the repeal of Article XXVIII-D
16 of The Administrative Code of 1929.

17 (2) Except as set forth in paragraph (3), any difference
18 in language between 3 Pa.C.S. Ch. 93 and Article XXVIII-D of
19 The Administrative Code of 1929 is intended only to conform
20 to the style of the Pennsylvania Consolidated Statutes and is
21 not intended to change or affect the legislative intent,
22 judicial construction or administration and implementation of
23 Article XXVIII-D of The Administrative Code of 1929.

24 (3) Paragraph (2) does not apply to the addition of 3
25 Pa.C.S. § 9336(b), (b.1), (c), (d), (d.1) and (e).
26 Section 7. The following shall apply:

27 (1) The addition of 3 Pa.C.S. § 9336(b), (c), (d), (e)
28 (1) and (f) shall apply retroactively to February 23, 2016.

29 (2) The addition of 3 Pa.C.S. § ~~9336(b.1)~~, 9336(A.1), <--
30 (B.1), (d.1) and (e)(2) shall apply January 1, 2017.

1 Section 8. This act shall take effect immediately.