

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1656 Session of
2017

INTRODUCED BY FARRY, NEILSON, BIZZARRO, MEHAFFIE, DAVIS,
GALLOWAY, TAYLOR, SIMMONS AND IRVIN, JULY 11, 2017

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, JULY 11, 2017

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes,
3 in general provisions, further providing for definitions;
4 in Pennsylvania Gaming Control Board, further providing
5 for general and specific powers and providing for hybrid and
6 skill-based devices;
7 in licensees, further providing for Category 3 slot
8 machine license, for slot machine testing and certification
9 standards, for license renewals and for multiple slot machine
10 license prohibition;
11 in table games, further providing for table game device
12 and associated equipment testing and certification standards;
13 providing for Category 4 locations, for airport gaming
14 and for sports wagering;
15 in revenues, further providing for gross terminal revenue
16 deductions, for establishment of State Gaming Fund and net
17 slot machine revenue distribution and providing for gaming
18 tax normalization;
19 in administration and enforcement, further providing for
20 liens and suits for taxes and for prohibited acts and
21 penalties and providing for casino liquor license;
22 in miscellaneous provisions, further providing for
23 repayments to State Gaming Fund;
24 in keno, providing for general provisions, for
25 authorization of lottery game, for operation and for revenue;
26 and
27 making related repeals.

28 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. The definitions of "commission" or "commissions,"
3 "licensed facility" and "slot machine" in section 1103 of Title
4 4 of the Pennsylvania Consolidated Statutes are amended and the
5 section is amended by adding definitions to read:

6 § 1103. Definitions.

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

10 * * *

11 "Airport authority." The governing body of a municipal
12 authority incorporated under 53 Pa.C.S. Ch. 56 (relating to
13 municipal authorities) to oversee the operations of an
14 international airport in a county or the governing body of a
15 city of the first class that regulates or owns an international
16 airport.

17 "Airport gaming area." A location within an international
18 airport that is beyond the point where passengers pass through
19 security and which is approved by the board for the placement of
20 slot machines.

21 * * *

22 ["Commission" or "commissions."] "Commission." The State
23 Horse Racing Commission [or the State Harness Racing Commission,
24 or both as the context may require] established under 3 Pa.C.S.
25 § 9311 (relating to State Horse Racing Commission).

26 * * *

27 "Eligible passenger." An individual 21 years of age or older
28 who has cleared security checkpoints with a valid airline
29 boarding pass for travel from the airport to another destination
30 by airplane.

1 * * *

2 "Hybrid device." A device that an individual provides
3 consideration to play in exchange for the opportunity to win
4 cash, cash equivalents, free games, credits or any other unit
5 that can be redeemed for cash, and in which a combination of the
6 skill of the player and elements of chance determines the
7 outcome of the game featured on the device. The term does not
8 include a video gaming terminal.

9 * * *

10 "Licensed facility." The physical land-based location at
11 which a licensed gaming entity is authorized to place and
12 operate slot machines and, if authorized by the Pennsylvania
13 Gaming Control Board under Chapter 13A (relating to table
14 games), to conduct table games. The term includes any:

15 (1) area of a licensed racetrack at which a slot machine
16 licensee was previously authorized pursuant to section
17 1207(17) (relating to regulatory authority of board) to
18 operate slot machines prior to the effective date of this
19 paragraph;

20 (2) board-approved interim facility or temporary
21 facility; [and]

22 (3) area of a hotel which the Pennsylvania Gaming
23 Control Board determines is suitable to conduct table
24 games[.];

25 (4) an airport gaming area; and

26 (5) a board-approved Category 4 location.

27 * * *

28 "Pari-mutuel wagering." A form of wagering, including
29 manual, electronic, computerized and other forms of wagering as
30 approved by the commission, on the outcome of a horse racing

1 event in which all wagers are pooled and held by a licensed
2 racing entity or secondary pari-mutuel organization for
3 distribution of the total amount, minus the deductions
4 authorized by law, to holders of winning tickets.

5 * * *

6 "Qualified airport." A publicly owned commercial service
7 airport that is designated by the Federal Government as an
8 international airport.

9 * * *

10 "Skill." The knowledge, adroitness, acumen, dexterity or
11 other mental or physical skill of an individual.

12 "Skill-based device." A device on which an individual
13 provides consideration to play in exchange for the opportunity
14 to win cash, cash equivalents, free games, credits or any other
15 unit that can be redeemed for cash, and in which the skill of
16 the player, rather than the elements of chance, is the
17 predominant factor in affecting the outcome of the game featured
18 on the device. The term does not include a video gaming
19 terminal.

20 "Slot machine."

21 (1) Any mechanical, electrical or computerized
22 contrivance, terminal, machine or other device approved by
23 the Pennsylvania Gaming Control Board which, upon insertion
24 of a coin, bill, ticket, token or similar object therein or
25 upon payment of any consideration whatsoever, including the
26 use of any electronic payment system except a credit card or
27 debit card, unless otherwise authorized under this title, is
28 available to play or operate, the play or operation of which,
29 whether by reason of skill or application of the element of
30 chance or both, may deliver or entitle the person or persons

1 playing or operating the contrivance, terminal, machine or
2 other device to receive cash, billets, tickets, tokens or
3 electronic credits to be exchanged for cash or to receive
4 merchandise or anything of value whatsoever, whether the
5 payoff is made automatically from the machine or manually. A
6 slot machine:

7 [(1)] (i) May utilize spinning reels or video
8 displays or both.

9 [(2)] (ii) May or may not dispense coins, tickets or
10 tokens to winning patrons.

11 [(3)] (iii) May use an electronic credit system for
12 receiving wagers and making payouts.

13 (2) The term shall include associated equipment
14 necessary to conduct the operation of the contrivance,
15 terminal, machine or other device.

16 (3) The term shall include hybrid devices and skill-
17 based devices.

18 * * *

19 "Video gaming terminal." An electronic video game machine
20 that, upon insertion of cash, electronic cards or vouchers, or
21 any combination of cash, electronic cards or vouchers, is
22 available to play or simulate the play of a video game,
23 including, but not limited to, video poker, line up, blackjack,
24 bingo, keno, slot machine or other type of game utilizing a
25 video display and microprocessors in which, by skill or by
26 chance, the player may receive free games or credits that can be
27 redeemed for cash.

28 Section 2. Section 1202(a)(1) of Title 4 is amended and
29 subsection (b) is amended by adding paragraphs to read:

30 § 1202. General and specific powers.

1 (a) General powers.--

2 (1) The board shall have general and sole regulatory
3 authority over the conduct of gaming or related activities as
4 described in this part. The board shall ensure the integrity
5 of the acquisition and operation of slot machines, including
6 hybrid devices and skill-based devices, table games, table
7 game devices and associated equipment and shall have sole
8 regulatory authority over every aspect of the authorization,
9 operation and play of slot machines [and table games.],
10 including hybrid devices and skill-based devices, table
11 games, airport gaming, sports wagering and related devices
12 and equipment.

13 * * *

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

16 * * *

17 (12.2) At its discretion, to issue, approve, renew,
18 revoke, suspend, condition or deny issuance or renewal of a
19 certification to conduct gaming at an airport.

20 (12.3) At its discretion, to issue, approve, renew,
21 revoke, suspend, condition or deny issuance of a permit to
22 conduct gaming at a Category 4 location.

23 * * *

24 (16.1) To impose administrative, civil or other
25 penalties or sanctions against a person that offers for play
26 or conducts hybrid or skill-based devices without
27 authorization from the board as required under this part.

28 * * *

29 Section 3. Title 4 is amended by adding a section to read:
30 § 1210.1. Hybrid and skill-based devices.

1 (a) Authorization.--The board shall:

2 (1) Authorize the placement of hybrid and skill-based
3 devices in licensed facilities, including Category 4
4 locations.

5 (2) Establish standards to test and approve the
6 operation of hybrid and skill-based devices.

7 (3) Adopt temporary regulations as necessary to
8 implement the oversight of hybrid and skill-based devices,
9 which shall expire no later than two years following
10 publication. The board may promulgate temporary regulations
11 which shall not be subject to the following:

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

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

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

20 (4) The board's authority to adopt temporary regulations
21 under paragraph (3) shall expire two years after the
22 effective date of this subsection. Regulations adopted after
23 this period shall be promulgated as provided by law.

24 (b) Complement.--Hybrid and skill-based devices placed and
25 made available for play in a licensed facility shall be included
26 within a slot machine licensee's complement of slot machines
27 under sections 1210 (relating to number of slot machines) and
28 1305 (relating to Category 3 slot machine license).

29 (c) Tax.--

30 (1) Gross terminal revenue from hybrid and skill-based

1 devices placed at a licensed facility other than a Category 4
2 location or airport gaming area shall be subject to the taxes
3 and assessments established under sections 1403 (relating to
4 establishment of State Gaming Fund and net slot machine
5 revenue distribution), 1405 (relating to Pennsylvania Race
6 Horse Development Fund) and 1407 (relating to Pennsylvania
7 Gaming Economic Development and Tourism Fund).

8 (2) Gross terminal revenue from hybrid and skill-based
9 devices placed at a Category 4 location shall be subject to
10 the tax and assessment imposed under section 13C07 (relating
11 to Category 4 location taxes).

12 (3) Gross terminal revenue from hybrid and skill-based
13 devices placed in an airport gaming area shall be subject to
14 the tax imposed under section 13D06 (relating to tax).

15 (d) Prohibited acts.--

16 (1) A person that does not possess a slot machine
17 license may not offer, make available for play or conduct
18 hybrid or skill-based devices within this Commonwealth.

19 (2) A person may not accept any form of consideration
20 from a person in this Commonwealth in exchange for or in
21 conjunction with the play of a hybrid or skill-based device.

22 (3) A person that violates this subsection commits a
23 misdemeanor of the third degree. A violation of this
24 subsection may be enforced under section 1517(c), (c.1) and
25 (d) (relating to investigations and enforcement).

26 (4) The Office of Enforcement Counsel may enforce
27 violations of this subsection.

28 (5) Upon the finding of a violation of paragraph (1) or
29 (2), the board may impose an administrative penalty of not
30 less than \$10,000 for each violation. Each day on which an

1 unauthorized hybrid or skill-based device is offered for play
2 by a person and each unauthorized wager accepted by a person
3 shall constitute a separate violation.

4 (6) In addition to the administrative penalty
5 established under paragraph (5), the board may also order the
6 disgorgement of all funds received by a person through the
7 unauthorized conduct under paragraphs (1) and (2). Disgorged
8 funds shall be forfeited to the Commonwealth and deposited
9 into the Compulsive and Problem Gambling Treatment Fund under
10 section 1509(b) (relating to compulsive and problem gambling
11 program).

12 Section 4. Section 1305(a)(1) of Title 4 is amended and the
13 subsection is amended by adding a paragraph to read:

14 § 1305. Category 3 slot machine license.

15 (a) Eligibility.--

16 (1) A person may be eligible to apply for a Category 3
17 slot machine license if the applicant, its affiliate,
18 intermediary, subsidiary or holding company has not applied
19 for or been approved or issued a Category 1 or Category 2
20 slot machine license and the person is seeking to locate a
21 Category 3 licensed facility in a well-established resort
22 hotel having no fewer than 275 guest rooms under common
23 ownership and having substantial year-round recreational
24 guest amenities. The applicant for a Category 3 license shall
25 be the owner or be a wholly owned subsidiary of the owner of
26 the well-established resort hotel. [A] Except as provided
27 under paragraph (1.2), a Category 3 license may only be
28 granted upon the express condition that an individual may not
29 enter a gaming area of the licensed facility if the
30 individual is not any of the following:

1 (i) A registered overnight guest of the well-
2 established resort hotel.

3 (ii) A patron of one or more of the amenities
4 provided by the well-established resort hotel.

5 (iii) An authorized employee of the slot machine
6 licensee, of a gaming service provider, of the board or
7 of any regulatory, emergency response or law enforcement
8 agency while engaged in the performance of the employee's
9 duties.

10 (iv) An individual holding a valid membership
11 approved in accordance with paragraph (1.1) or a guest of
12 such individual.

13 * * *

14 (1.2) The conditions under paragraph (1) shall not apply
15 to a Category 3 licensee if the Category 3 slot machine
16 licensee makes a payment to the Commonwealth for deposit in
17 the General Fund as follows:

18 (i) For a Category 3 licensed facility located in a
19 first class, second class, second class A or third class
20 county, \$5,000,000.

21 (ii) For a Category 3 licensed facility located in a
22 fourth class, fifth class, sixth class, seventh class or
23 eighth class county, \$2,500,000.

24 * * *

25 Section 5. Section 1320(a) of Title 4 is amended and the
26 section is amended by adding a subsection to read:

27 § 1320. Slot machine testing and certification standards.

28 (a) Use of other state standards.--[Until such time as the
29 board establishes an independent testing and certification
30 facility pursuant to subsection (b), the] The board may

1 determine, at its discretion, whether the slot machine testing
2 and certification standards of another jurisdiction within the
3 United States in which an applicant for a manufacturer license
4 is licensed are comprehensive and thorough and provide similar
5 adequate safeguards as those required by this part. If the board
6 makes that determination, it may permit a manufacturer through a
7 licensed supplier as provided in section 1317 (relating to
8 supplier [and manufacturer] licenses [application]) to deploy
9 those slot machines which have met the slot machine testing and
10 certification standards in such other jurisdictions without
11 undergoing the full testing and certification process by a
12 board-established independent facility. In the event slot
13 machines of an applicant for a manufacturer license are licensed
14 in such other jurisdiction, the board may determine to use an
15 abbreviated process requiring only that information determined
16 by the board to be necessary to consider the issuance of a slot
17 machine certification to such an applicant. [Alternatively, the
18 board in its discretion may also rely upon the certification of
19 a slot machine that has met the testing and certification
20 standards of a board-approved private testing and certification
21 facility until such time as the board establishes an independent
22 testing and certification facility pursuant to subsection (b).
23 Nothing in this section shall be construed to waive any fees
24 associated with obtaining a license through the normal
25 application process.]

26 * * *

27 (b.1) Use of private testing and certification facilities.--
28 Notwithstanding any other provisions of this part, if a slot
29 machine is tested and certified by a private testing and
30 certification facility registered with the board, the board

1 shall use an abbreviated certification process requiring only
2 that information determined by the board to be necessary to
3 consider the issuance of a slot machine certification under this
4 section. Within one year of the effective date of this
5 subsection, the board shall promulgate regulations that:

6 (1) Provide for the registration of private testing and
7 certification facilities. A person seeking registration under
8 this subsection shall be subject to section 1202(b) (9)
9 (relating to general and specific powers).

10 (2) Specify the form and content of the application for
11 registration.

12 (3) Establish and collect an application fee for persons
13 seeking registration. The application fee shall include the
14 costs of all background investigations as determined
15 necessary and appropriate by the bureau.

16 (4) Establish uniform procedures and standards which
17 private testing and certification facilities must comply with
18 during the testing and certification of slot machines.

19 (5) Utilize information provided by private testing and
20 certification facilities for the abbreviated certification of
21 slot machines.

22 (6) Establish an abbreviated certification process that
23 may be used by registered private testing and certification
24 facilities to test and certify slot machines.

25 (7) Establish fees that must be paid by licensed
26 manufacturers.

27 (8) Require slot machines submitted for abbreviated
28 certification to be approved or denied by the board within 30
29 days from the date of submission to the board. If the board
30 fails to act within the 30-day period, the abbreviated

1 certification shall be deemed conditionally approved.

2 (9) Provide procedures and standards for the suspension
3 and revocation of the registration of a private testing and
4 certification facility and the reinstatement of a suspended
5 or revoked registration, as determined appropriate by the
6 board.

7 * * *

8 Section 6. Sections 1326(a) and 1330 of Title 4 are amended
9 to read:

10 § 1326. License renewals.

11 (a) Renewal.--All permits [and licenses], licenses,
12 registrations and certificates issued under this part unless
13 otherwise provided shall be subject to renewal every [three]
14 five years. Nothing in this subsection shall relieve a licensee
15 of the affirmative duty to notify the board of any changes
16 relating to the status of its [license] permit, license,
17 registration and certificate or to any other information
18 contained in the application materials on file with the board.
19 The application for renewal shall be submitted at least 60 days
20 prior to the expiration of the permit [or license], license,
21 registration and certificate and shall include an update of the
22 information contained in the initial and any prior renewal
23 applications and the payment of any renewal fee required by this
24 part. Unless otherwise specifically provided in this part, the
25 amount of any renewal fee shall be calculated by the board to
26 reflect the longer renewal period. A permit or license for which
27 a completed renewal application and fee, if required, has been
28 received by the board will continue in effect unless and until
29 the board sends written notification to the holder of the permit
30 or license that the board has denied the renewal of such permit

1 or license.

2 * * *

3 § 1330. [Multiple slot machine license prohibition.

4 No slot machine licensee, its affiliate, intermediary,
5 subsidiary or holding company may possess an ownership or
6 financial interest that is greater than 33.3% of another slot
7 machine licensee or person eligible to apply for a Category 1
8 license, its affiliate, intermediary, subsidiary or holding
9 company. The board shall approve the terms and conditions of any
10 divestiture under this section. Under no circumstances shall any
11 such divestiture be approved by the board if the compensation
12 for the divested interest in a person eligible to apply for a
13 Category 1 license exceeds the greater of the original cost of
14 the interest, the book value of the interest or an independently
15 assessed value of the interest one month prior to the effective
16 date of this part and, in the case of a person eligible to apply
17 for a Category 1 license, unless the person acquiring the
18 divested interest is required to continue conducting live racing
19 at the location where live racing is currently being conducted
20 in accordance with section 1303 (relating to additional Category
21 1 slot machine license requirements) and be approved for a
22 Category 1 slot machine license. No such slot machine license
23 applicant shall be issued a slot machine license until the
24 applicant has completely divested its ownership or financial
25 interest that is in excess of 33.3% in another slot machine
26 licensee or person eligible to apply for a Category 1 license,
27 its affiliate, intermediary, subsidiary or holding company.]

28 (Reserved).

29 Section 7. Section 13A41 of Title 4 is amended by adding a
30 subsection to read:

1 § 13A41. Table game device and associated equipment testing and
2 certification standards.

3 * * *

4 (c) Use of private testing and certification facilities.--

5 Notwithstanding any provision of this part, if a table game
6 device or associated equipment is tested and certified by a
7 private testing and certification facility registered with the
8 board, the board shall use an abbreviated certification process
9 requiring only that information determined by the board to be
10 necessary to consider the issuance of a table game device or
11 associated equipment certification under this section. Within
12 one year of the effective date of this subsection, the board
13 shall promulgate regulations that:

14 (1) Provide for the registration of private testing and
15 certification facilities. Persons seeking registration under
16 this subsection shall be subject to section 1202(b)(9)
17 (relating to general and specific powers).

18 (2) Specify the form and content of the application for
19 registration.

20 (3) Establish and collect an application fee for persons
21 seeking registration. The application fee shall include the
22 costs of all background investigations as determined
23 necessary and appropriate by the board.

24 (4) Establish uniform procedures and standards which
25 private testing and certification facilities must comply with
26 during the testing and certification of table game devices
27 and associated equipment.

28 (5) Utilize information provided by private testing and
29 certification facilities for the abbreviated certification of
30 table game devices and associated equipment.

1 (6) Establish an abbreviated certification process that
2 may be used by registered private testing and certification
3 facilities to test and certify table game devices and
4 associated equipment.

5 (7) Establish fees that must be paid by a licensed
6 manufacturer.

7 (8) Require table game devices and associated equipment
8 submitted for abbreviated certification to be approved or
9 denied by the board within 30 days from the date of
10 submission to the board. If the board fails to act within the
11 30-day period, the abbreviated certification shall be deemed
12 conditionally approved.

13 (9) Provide procedures and standards for the suspension
14 and revocation of the registration of a private testing and
15 certification facility and the reinstatement of a suspended
16 or revoked registration.

17 Section 8. Title 4 is amended by adding chapters to read:

18 CHAPTER 13C

19 CATEGORY 4 LOCATIONS

20 Sec.

21 13C01. Category 4 slot machine permit.

22 13C02. Review of application.

23 13C03. Award of permit.

24 13C04. Category 4 locations.

25 13C05. Conduct of gaming at Category 4 locations.

26 13C06. Permit fees.

27 13C07. Category 4 location taxes.

28 13C08. Local share assessment.

29 13C09. Temporary Category 4 regulations.

30 13C10. Additional Category 4 locations.

1 § 13C01. Category 4 slot machine permit.

2 (a) Board.--The board is authorized to issue Category 4
3 permits to eligible slot machine licensees for the conduct of
4 gaming at Category 4 locations. The board shall provide for the
5 establishment and regulation of Category 4 locations.
6 Authorization shall be contingent upon the slot machine
7 licensee's agreement to ensure that slot machine operations will
8 be conducted in accordance with this part and any other
9 conditions established by the board. The board shall:

10 (1) Promulgate temporary regulations under section 13C10
11 (relating to additional Category 4 locations) to implement
12 the establishment, operation and oversight of Category 4
13 locations.

14 (2) Review each permit application for suitability and
15 compliance with this chapter.

16 (3) Ensure connection of slot machines at Category 4
17 locations to the central control computer.

18 (4) Begin accepting applications within 90 days
19 following the effective date of this section.

20 (b) Eligibility.--In order to be eligible to receive a
21 Category 4 permit, the applicant must:

22 (1) hold a Category 1 or Category 2 slot machine license
23 in good standing; or

24 (2) hold a Category 3 slot machine license in good
25 standing and have paid the fee under section 1305(a)(1.2)
26 (relating to Category 3 slot machine license).

27 (c) Joint venture.--Nothing under this chapter shall
28 preclude an eligible applicant from participating in the
29 operation of a Category 4 location as a joint venture with
30 another eligible applicant in relation to one or more of the

1 other eligible applicant's authorized Category 4 locations.

2 (d) Application.--An eligible slot machine licensee may seek
3 a Category 4 permit by filing a petition with the board which
4 shall include the following:

5 (1) The name, business address and contact information
6 of the applicant.

7 (2) The name, business address, job title and a
8 photograph of each principal and key employee of the
9 applicant who will be involved in the conduct of gaming at
10 the Category 4 location and who is not currently licensed by
11 the board.

12 (3) A brief description of the economic benefits
13 expected to be realized by the Commonwealth, its
14 municipalities and its residents if a Category 4 permit is
15 authorized at the applicant's location.

16 (4) The details of financing that will be available to
17 establish the new location and commence the conduct of
18 gaming, including any construction, expansion or modification
19 of a new or existing building or structure to conduct gaming.

20 (5) The applicant's business experience and ability to
21 create and maintain a successful Category 4 location.

22 (6) Proposed internal and external security and
23 surveillance measures that will be in place within the
24 Category 4 location.

25 (7) The number of slot machines to be placed at the
26 Category 4 location.

27 (8) The adequacy of parking at the facility.

28 (9) The services, such as food and beverage service,
29 that will be available at the Category 4 location.

30 (10) The estimated number of full-time and part-time

1 employment positions that will be created at the Category 4
2 location if a permit is granted and an updated hiring plan
3 under section 1510(a) (relating to labor hiring preferences)
4 which outlines the applicant's plan to promote the
5 representation of diverse groups and Commonwealth residents
6 in the employment positions.

7 (11) Detailed site plans identifying the proposed gaming
8 area within the Category 4 location for gaming activities.

9 (12) The precise location of the proposed facility
10 described in accordance with the requirements of section
11 13C04(c) (relating to Category 4 locations).

12 (13) Whether the proposed facility will be operated by a
13 single licensed gaming entity or as a joint venture among
14 multiple licensed gaming entities. If a joint venture is
15 planned, a copy of the operating agreement shall be included
16 with the petition.

17 (14) Any other information required by the board.

18 (e) Additional authority.--Subject to inspection by the
19 commission, a Category 1 slot machine licensee that obtains a
20 Category 4 permit under this chapter may conduct pari-mutuel
21 wagering within a Category 4 licensed facility.

22 § 13C02. Review of application.

23 (a) Review.--The board shall consider the following in the
24 board's review of a petition under this chapter:

25 (1) The applicant's suitability.

26 (2) Whether an applicant possesses the requisite
27 experience, financial capability and skill to perform the
28 functions necessary to establish and operate a Category 4
29 location consistent with this chapter and requirements of the
30 board.

1 (3) The adequacy of the physical specifications of the
2 facility and the adequacy of security, staffing, parking and
3 other issues related to the physical location of the Category
4 4 location.

5 (4) Whether the issuance of the permit will create jobs
6 and economic development.

7 (5) Verification of whether the Category 4 location
8 complies with the distance limitations under section 13C04(c)
9 (relating to Category 4 locations).

10 (b) Suitability.--An applicant eligible to receive a permit
11 under section 13C01(b) (relating to Category 4 slot machine
12 permit) shall be considered suitable to be issued a Category 4
13 permit.

14 (c) Multiple applications within distance limitation.--If
15 multiple Category 4 locations are applied for within the
16 distance limitation under section 13C04(c)(2) and the location
17 dispute is not resolved by the rejection of one or more
18 applications under section 13C04(c)(2), the board shall grant
19 the application which will:

20 (1) provide the highest quality facility;

21 (2) generate the most tax venue; and

22 (3) produce the greatest economic benefits for the

23 Commonwealth.

24 § 13C03. Award of permit.

25 (a) Board.--The board shall approve or deny a permit within
26 60 days of receipt of the application.

27 (b) Limitation.--The cumulative number of slot machines
28 approved by the board for placement and operation at Category 4
29 locations combined with the slot machines authorized at all
30 licensed facilities in this Commonwealth may not exceed the

1 cumulative number of slot machines authorized under sections
2 1201 (relating to Pennsylvania Gaming Control Board established)
3 and 1305 (relating to Category 3 slot machine license).

4 (c) Conditions.--Upon awarding a Category 4 permit, the
5 board shall amend the slot machine licensee's statement of
6 conditions pertaining to the requirements of this chapter.

7 (d) Term of permit.--A Category 4 permit shall be renewed
8 every five years. The initial renewal permit shall coincide with
9 the renewal of the permit holder's slot machine license which
10 immediately follows the permit's initial five-year term.

11 (e) Permit.--A Category 4 permit shall be in effect unless:

12 (1) the permit is suspended or revoked by the board
13 consistent with the requirements of this part;

14 (2) the slot machine license held by the permittee is
15 suspended, revoked or not renewed by the board;

16 (3) the permit holder relinquishes or does not seek
17 renewal of the permit; or

18 (4) the permit is not renewed for the failure of the
19 permittee to abide by this chapter, this part or any
20 condition in the slot machine licensee's statement of
21 conditions.

22 (f) Key employees and occupation permits.--Nothing in this
23 chapter shall be construed to require an individual who holds a
24 principal license, a key employee license, a gaming employee
25 license or an occupation permit under Chapter 13 (relating to
26 licensees) to obtain a separate license or permit to be employed
27 in a Category 4 location under this chapter.

28 (g) Confidentiality.--Information submitted to the board
29 under this chapter shall be considered confidential by the board
30 if the information would be confidential under section 1206(f)

1 (relating to board minutes and records).

2 § 13C04. Category 4 locations.

3 (a) Authorized number of locations.--

4 (1) Each eligible Category 1 and Category 2 slot machine
5 licensee may obtain two Category 4 permits.

6 (2) Each eligible Category 3 slot machine licensee may
7 obtain one Category 4 permit.

8 (b) Transfer of permits.--

9 (1) An eligible slot machine licensee that does not
10 apply for an authorized permit under subsection (a) may
11 transfer its right to apply for the permit to another
12 eligible slot machine licensee upon board approval of the
13 terms and conditions of the transaction.

14 (2) If an authorized permit has not been applied for or
15 transferred within 18 months after the effective date of this
16 paragraph, the board may accept applications from eligible
17 applicants for the permit. If a greater number of
18 applications is received than the number of available
19 authorized permits, the board may grant the applications
20 which satisfy the requirements of this chapter and which
21 will:

22 (i) provide the highest quality facility;

23 (ii) generate the most tax revenue; and

24 (iii) produce the greatest economic benefits for the
25 Commonwealth.

26 (3) An eligible Category 3 slot machine licensee may
27 only obtain a Category 4 permit under paragraphs (1) or (2)
28 if the permit obtained was authorized for another Category 3
29 slot machine licensee.

30 (c) Distance restrictions.--

1 (1) A Category 4 location may not be located within 25
2 linear miles of another licensed gaming entity's licensed
3 facility which is not a Category 4 location or an airport
4 gaming area. A licensed gaming entity may site a Category 4
5 location within 25 linear miles of the licensed gaming
6 entity's own licensed facility, except if the 25 linear mile
7 protective areas around two or more licensed gaming entities
8 overlap, a Category 4 location may not be approved for
9 placement in the overlapping area.

10 (2) A Category 4 location may not be located within 10
11 linear miles of another Category 4 location. If an
12 application is filed for a Category 4 permit and the proposed
13 location is within 10 linear miles of a location proposed in
14 a pending application, the board shall notify the applicant
15 of the applicant's defective location and the identity of the
16 licensed gaming entity and the proposed location in the
17 pending application and, after a 30-day cure period, reject
18 the application if a location is not identified that is
19 compliant with this paragraph.

20 (d) Casino liquor license.--A Category 4 location may
21 operate under a casino liquor license obtained under section
22 1521.1 (relating to casino liquor license) and held by the
23 Category 1, Category 2 or Category 3 slot machine licensee that
24 holds the Category 4 permit.

25 (e) Pennsylvania State Police.--The Pennsylvania State
26 Police may not have permanent onsite personnel or an office
27 within a Category 4 location.

28 § 13C05. Conduct of gaming at Category 4 locations.

29 (a) Number of machines.--A Category 4 permit holder may
30 place no less than 100 slot machines and no more than 500 slot

1 machines in a Category 4 location. Hybrid and skill-based
2 devices may be offered for play at a Category 4 location subject
3 to the 500 slot machine maximum.

4 (b) Petition for additional machines.--A permittee may
5 petition the board to increase the number of slot machines in a
6 Category 4 location if the initial permit authorized less than
7 500 slot machines. The petition shall:

8 (1) State the requested increase in the number of
9 authorized slot machines.

10 (2) Include a detailed site plan identifying where the
11 additional slot machines will be placed within the facility.

12 (3) Include payment in an amount that equals the
13 difference between the fee paid upon issuance of the permit
14 and the fee applicable to the requested higher number of
15 machines under section 13C06 (relating to permit fees).

16 (c) Commencement of gaming operations.--A permit holder may
17 not conduct gaming at a Category 4 location until the board
18 determines that:

19 (1) The permittee is in compliance with the requirements
20 of this chapter.

21 (2) The permittee's employees, where applicable, are
22 licensed, permitted or otherwise authorized by the board to
23 perform their respective duties.

24 (3) The permittee has implemented necessary internal and
25 management controls, security arrangements and surveillance
26 systems for the conduct of gaming at the location.

27 (4) The permittee is prepared in all respects to offer
28 gaming to the public at the Category 4 location.

29 (5) The permittee has paid the fee required under
30 section 13C06.

1 § 13C06. Permit fees.

2 Each slot machine licensee that obtains a Category 4 permit
3 must remit a fee to the board for each permit received based on
4 the number of slot machines sought to be placed in the Category
5 4 location as follows:

6 (1) 100-200 machines - \$2,000,000.

7 (2) 200-300 machines - \$3,000,000.

8 (3) 300-400 machines - \$4,000,000.

9 (4) 400-500 machines - \$5,000,000.

10 § 13C07. Category 4 location taxes.

11 (a) Imposition.--Each Category 4 permittee shall pay a daily
12 tax and assessment of the Category 4 permittee's daily gross
13 terminal revenue from the operation of slot machines, including
14 hybrid and skill-based devices, at a Category 4 location.

15 (b) Deposits and distributions.--The rate and allocation of
16 the tax and assessment imposed and collected under subsection

17 (a) shall be as follows:

18 (1) Twenty-five million dollars, which shall be
19 deposited in the Property Tax Relief Fund for property tax or
20 rent rebate under Chapter 13 of the act of June 27, 2006 (1st
21 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

22 (2) Following the deposit under paragraph (1), the
23 remaining taxes and assessments shall be allocated as
24 follows:

25 (i) Forty-eight percent, which shall be deposited in
26 the General Fund.

27 (ii) Five percent, which shall constitute a local
28 share assessment and be distributed by the department on
29 a quarterly basis in accordance with section 13C08
30 (relating to local share assessment).

1 (iii) Two percent, which shall constitute an
2 assessment to be deposited in the Pennsylvania Race Horse
3 Development Fund.

4 (c) Collection.--The tax and assessments imposed under
5 subsection (a) shall be payable to the department on a weekly
6 basis and shall be based on gross terminal revenue derived from
7 the operation of slot machines at the Category 4 location during
8 the previous week. All money owed to the Commonwealth under this
9 section, or to a county or municipality under section 13C08,
10 shall be held in trust for the Commonwealth, county or
11 municipality by the permit holder until the money is paid to the
12 department. Unless otherwise agreed to by the board, a permittee
13 shall establish a separate bank account into which gross
14 terminal revenue from a Category 4 location shall be deposited
15 and maintained until the money is paid or transferred.

16 § 13C08. Local share assessment.

17 (a) Distributions.--The department shall make quarterly
18 distributions from the local share assessment under section
19 13C07(b)(2)(ii) (relating to Category 4 location taxes) among
20 the counties and municipalities hosting a Category 4 location as
21 follows:

22 (1) Two percent of the local share assessment shall be
23 distributed to the county hosting a Category 4 location.

24 (2) Two percent of the local share assessment shall be
25 distributed to the municipality hosting the Category 4
26 location.

27 (3) One percent of the local share assessment shall be
28 distributed to the host county for the purpose of making
29 grants to civic and charitable organizations, including club
30 licensees, that are located within the host county in

1 accordance with subsection (b).

2 (b) Grant program.--The county hosting the Category 4
3 location shall accept grant applications from eligible
4 organizations under subsection (a)(3) in time intervals to be
5 determined by the county, but at least annually. Grants shall be
6 awarded under subsection (a)(3) as follows:

7 (1) Grants may be awarded in amounts determined solely
8 at the discretion of the county.

9 (2) Priority shall be given to club licensees that are
10 affiliated with a veterans' organization or a police, fire,
11 ambulance, rescue or similar public safety organization.

12 (3) Grants may be used by recipients for:

13 (i) a public interest purpose sponsored by the
14 grantee; or

15 (ii) capital improvements and equipment purchases
16 related to a facility owned or leased by the grantee. The
17 term "equipment" shall not include a gaming device or
18 related material.

19 (c) Definitions.--As used in this section, the following
20 words and phrases shall have the meanings given to them in this
21 subsection unless the context clearly indicates otherwise:

22 "Club licensee." As defined in section 103 the act of
23 December 19, 1988 (P.L.1262, No.156), known as the Local Option
24 Small Games of Chance Act.

25 § 13C09. Temporary Category 4 regulations.

26 (a) Promulgation.--In order to facilitate the prompt
27 implementation of this chapter, regulations promulgated by the
28 board shall be deemed temporary regulations which shall expire
29 not later than two years following the publication of the
30 temporary regulation. The board may promulgate temporary

1 regulations which shall not be subject to:

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

5 (2) The act of act of June 25, 1982 (P.L.633, No.181),
6 known as the Regulatory Review Act.

7 (3) Section 204(b) and 301(10) of the act of October 15,
8 1980 (P.L.950, No.164), known as the Commonwealth Attorneys
9 Act.

10 (b) Expiration.--The board's authority to adopt temporary
11 regulations under subsection (a) shall expire two years after
12 the effective date of this section. Regulations adopted after
13 this period shall be promulgated as provided by law.

14 § 13C10. Additional Category 4 locations.

15 (a) Review.--By November 30, 2019, the board shall review
16 the operation of all Category 4 permits granted under this
17 chapter. The review shall include:

18 (1) The integrity of gaming operated pursuant to a
19 Category 4 permit.

20 (2) The patronage and public response to Category 4
21 locations.

22 (3) The number of jobs created by the establishment of
23 Category 4 locations.

24 (4) The amount of revenue generated for the
25 Commonwealth, host counties, host municipalities and other
26 local share assessment recipients.

27 (5) Economic development and related economic benefits
28 associated with the establishment and operation of Category 4
29 locations.

30 (b) Submission.--The review shall be submitted to the

1 Community, Economic and Recreational Development Committee of
2 the Senate and the Gaming Oversight Committee of the House of
3 Representatives by December 15, 2019.

4 (c) Additional permits.--Beginning January 1, 2020, each
5 Category 1 and Category 2 slot machine licensee that holds a
6 Category 4 permit may petition the board to obtain one
7 additional Category 4 permit.

8 (d) Transfer of permits.--

9 (1) A Category 1 or Category 2 slot machine licensee
10 that does not petition the board for an additional permit
11 under subsection (c) may transfer its right to apply for the
12 additional Category 4 location to another Category 1 or
13 Category 2 licensee upon board approval of the terms and
14 conditions of the transaction.

15 (2) If an authorized additional permit has not been
16 petitioned for, applied for or transferred by January 1,
17 2021, the board may accept applications from eligible
18 applicants for the permit. If a greater number of
19 applications is received than the number of available
20 authorized additional permits, the board may grant the
21 applications which satisfy the requirements of this chapter
22 and will:

23 (i) provide the highest quality facility;
24 (ii) generate the most revenue; and
25 (iii) produce the greatest economic benefit for the
26 Commonwealth.

27 CHAPTER 13D

28 AIRPORT GAMING

29 Sec.

30 13D01. Authorization of airport gaming.

1 13D02. Certificate holders.

2 13D03. Application for airport gaming certificate.

3 13D04. Issuance of certificate.

4 13D05. Fees.

5 13D06. Tax.

6 § 13D01. Authorization of airport gaming.

7 Notwithstanding any law to the contrary, an eligible Category
8 1 slot machine licensee or Category 2 slot machine licensee may
9 apply to the board for a certificate authorizing the placement
10 of slot machines in airport gaming areas within qualified
11 airports.

12 § 13D02. Certificate holders.

13 (a) Eligibility.--Category 1 and Category 2 slot machine
14 licensees whose licenses are in good standing shall be eligible
15 to apply for an airport gaming certificate.

16 (b) Nondiscretionary selection.--

17 (1) Category 1 and Category 2 slot machine licensees
18 located in a county in which a qualified airport is located
19 or a county contiguous to the county in which a qualified
20 airport is located shall be entitled to apply for and, if
21 granted, obtain an airport gaming certificate for the
22 qualified airport.

23 (2) If more than one eligible slot machine licensee
24 under paragraph (1) desires to conduct gaming at the
25 qualified airport, the eligible slot machine licensees shall
26 enter into a joint operating agreement setting forth the
27 terms, cost, revenue sharing and conditions under which the
28 licensees will, as certificate holders, conduct airport
29 gaming.

30 (c) Discretionary selection.--If a qualified airport is not

1 located in the same county or a contiguous county in which an
2 eligible slot machine licensee is located, an eligible slot
3 machine licensee may apply to the board for the authority to
4 operate airport gaming in the qualified airport. Two or more
5 eligible slot machine licensees may enter into a joint operating
6 agreement for the conduct of gaming at the qualified airport.
7 § 13D03. Application for airport gaming certificate.

8 (a) Application.--Eligible slot machine licensees must apply
9 to the board in a form and manner as the board requires to
10 secure an airport gaming certificate for the designated
11 airports. The application shall include:

12 (1) The name, business address and contact information
13 of the slot machine licensee and, if applicable, the person
14 responsible to manage the operation of gaming under paragraph
15 (2).

16 (2) The manner in which the slot machine licensee will
17 manage, operate and control the conduct of gaming at a
18 designated airport in the airport gaming area.

19 (3) A site plan of the specific area within the airport
20 where slot machines will be located and gaming will be
21 conducted and the security that will be provided.

22 (4) The proposed number of slot machines that will be
23 placed in the airport gaming area and a description of the
24 equipment that will be installed and services that will be
25 provided within the airport gaming area.

26 (5) Evidence of a lease, license agreement or other
27 authorization from or agreement with the airport authority to
28 conduct operations in the airport gaming area.

29 (6) A copy of the joint operating agreement to be
30 entered into by the eligible certificate holders, if

1 applicable.

2 (b) Confidentiality.--Information submitted to the board
3 under this chapter shall be considered confidential by the board
4 if the information is confidential under section 1206(f)
5 (relating to board minutes and records).

6 § 13D04. Issuance of certificate.

7 (a) Findings.--The board shall:

8 (1) Ensure that the airport gaming area has the
9 appropriate physical space and security to conduct gaming
10 under this section.

11 (2) Determine the number of slot machines that are
12 appropriate for placement and operation at the designated
13 airports.

14 (b) Approval.--After making the findings under subsection
15 (a), the board may approve an application submitted under
16 section 13D03 (relating to application for airport gaming
17 certificate) and grant a certificate to the eligible slot
18 machine licensee to conduct gaming at the designated airport as
19 provided under this chapter upon payment of all required fees.

20 § 13D05. Fees.

21 (a) Fee schedule.--A one-time, nonrefundable fee shall be
22 paid to the board in relation to the conduct of gaming at a
23 qualified airport based on the number of slot machines sought to
24 be placed in the airport gaming area as follows:

25 (1) less than 100 machines - \$10,000 per machine.

26 (2) 100-200 machines - \$2,000,000.

27 (3) 200-300 machines - \$3,000,000.

28 (4) 300-400 machines - \$4,000,000.

29 (5) 400-500 machines - \$5,000,000.

30 (b) Payment.--If more than one slot machine licensee is

1 issued an airport gaming certificate in relation to a qualified
2 airport, a single fee shall be paid by the airport gaming
3 certificate holders approved for the airport, as set forth in
4 the joint operating agreement entered into by the airport gaming
5 certificate holders and submitted to the board under section
6 13D03 (relating to application for airport gaming certificate).

7 (c) Additional machines.--The board may authorize additional
8 slot machines for an airport gaming area upon a written request
9 for additional slot machines and receipt of payment in an amount
10 that equals the difference between the fee paid upon issuance of
11 the certificate and the fee applicable under subsection (b) to
12 the requested higher number of machines.

13 (d) Deposit.--All fees paid under subsection (a) shall be
14 deposited into the General Fund.

15 (e) Renewal.--A renewal fee shall not apply to or be imposed
16 on an airport gaming certificate.

17 § 13D06. Tax.

18 (a) Imposition.--A daily tax of 55% shall apply to the daily
19 gross terminal revenue from slot machines operated in an airport
20 gaming area.

21 (b) Collection.--The department shall determine the manner
22 in which airport gaming certificate holders will remit the tax
23 imposed under subsection (a). All money owed to the Commonwealth
24 under this section shall be held in trust for the Commonwealth
25 under this section by the airport gaming certificate holders
26 until the money is paid to the department. Unless otherwise
27 permitted by the department, a separate bank account shall be
28 established by the certificate holders into which gross terminal
29 revenue from slot machines shall be deposited and maintained
30 until the gross terminal revenue is paid to the department.

1 (c) Distribution.--The department shall transfer 15% of the
2 tax revenues collected under this section to the qualified
3 airport. Following the transfer, the remainder of the tax
4 revenues shall be deposited in the General Fund.

5 CHAPTER 13E

6 SPORTS WAGERING

7 Subchapter

8 A. General Provisions

9 B. Sports Wagering Authorized

10 C. Conduct of Sports Wagering

11 D. Sports Wagering Taxes and Fees

12 E. Miscellaneous Provisions

13 SUBCHAPTER A

14 GENERAL PROVISIONS

15 Sec.

16 13E01. Definitions.

17 13E02. Regulatory authority.

18 13E03. Temporary sports wagering regulations.

19 13E04. Unauthorized sports wagering.

20 § 13E01. Definitions.

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

24 "Certificate holder." A person that has been awarded a
25 sports wagering certificate by the board.

26 "Gross sports wagering revenue."

27 (1) The total of cash or cash equivalents received from
28 sports wagering minus the total of:

29 (i) Cash or cash equivalents paid to players as a
30 result of sports wagering.

1 (ii) Cash or cash equivalents paid to purchase
2 annuities to fund prizes payable to players over a period
3 of time as a result of sports wagering.

4 (iii) The actual cost paid by the certificate holder
5 for any personal property distributed to a player as a
6 result of sports wagering. This paragraph shall not
7 include travel expenses, food, refreshments, lodging or
8 services.

9 (2) The term does not include:

10 (i) Counterfeit cash or chips.

11 (ii) Coins or currency of other countries received
12 as a result of sports wagering, except to the extent that
13 the coins or currency are readily convertible to cash.

14 (iii) Cash taken in a fraudulent act perpetrated
15 against a certificate holder for which the certificate
16 holder is not reimbursed.

17 "Sporting events." A professional or collegiate sports or
18 athletic event, or motor race event.

19 "Sports wagering." The business of accepting wagers on
20 sporting events or on the individual performance statistics of
21 athletes in a sporting event or combination of sporting events
22 by any system or method of wagering, including, but not limited
23 to, exchange wagering, parlays, over-under, moneyline, pools and
24 straight bets. The term does not include:

25 (1) Lottery games of the Pennsylvania State Lottery as
26 authorized under the act of August 26, 1971 (P.L.351, No.91),
27 known as the State Lottery Law.

28 (2) Bingo as authorized under the act of July 10, 1981
29 (P.L.214, No.67), known as the Bingo Law.

30 (3) Pari-mutuel betting on the outcome of thoroughbred

1 or harness horse racing as authorized under 3 Pa.C.S. Ch. 93
2 (relating to race horse industry reform).

3 (4) Small games of chance as authorized under the act of
4 December 19, 1988 (P.L.1262, No.156), known as the Local
5 Option Small Games of Chance Act.

6 (5) Slot machine gaming and progressive slot machine
7 gaming as defined and authorized under this part.

8 "Sports wagering certificate." A certificate awarded by the
9 board under this chapter that authorizes a slot machine licensee
10 to conduct sports wagering in accordance with this chapter.

11 "Sports wagering device." The term includes a mechanical,
12 electrical or electronic machine or other device, apparatus,
13 equipment or supplies approved by the board and used to conduct
14 sports wagering.

15 § 13E02. Regulatory authority.

16 The board shall promulgate regulations:

17 (1) Establishing standards and procedures for sports
18 wagering. The standards and procedures shall provide for the
19 conduct and implementation of sports wagering within licensed
20 facilities, including new sports wagering or variations or
21 composites of approved sports wagering, provided the board
22 determines that the new sports wagering or any variations or
23 composites or other approved sports wagering are suitable for
24 use after a test or experimental period under the terms and
25 conditions as the board may deem appropriate.

26 (2) Establishing standards and rules to govern the
27 conduct of sports wagering and the system of wagering,
28 including the manner in which wagers are received and payouts
29 are remitted and point spreads, lines and odds are
30 determined.

1 (3) Establishing the method for calculating gross sports
2 wagering revenue and standards for the daily counting and
3 recording of cash and cash equivalents received in the
4 conduct of sports wagering and ensuring that internal
5 controls are followed regarding the maintenance of financial
6 books and records and the conduct of audits. The board shall
7 consult with the department in establishing the regulations
8 under this paragraph.

9 (4) Establishing notice requirements pertaining to
10 minimum and maximum wagers on sports wagering.

11 (5) Establishing compulsive and problem gambling
12 standards pertaining to sports wagering consistent with this
13 part.

14 (6) Establishing standards prohibiting persons under 21
15 years of age from participating in sports wagering.

16 (7) Providing information pertaining to sports wagering
17 in the board's annual report required under section 1211(a.1)
18 (relating to reports of board).

19 (8) Requiring each certificate holder to:

20 (i) Provide written information about sports
21 wagering rules, payouts or winning wagers and other
22 information as the board may require.

23 (ii) Provide specifications approved by the board
24 under section 1207(11) (relating to regulatory authority
25 of board) to integrate and update the licensed facility's
26 surveillance system to cover all areas where sports
27 wagering is conducted. The specifications shall include
28 provisions providing the board and other persons
29 authorized by the board with onsite access to the
30 surveillance system.

1 (iii) Designate one or more locations within the
2 licensed facility of the certificate holder to conduct
3 sports wagering.

4 (iv) Ensure that visibility in the licensed facility
5 of the certificate holder is not obstructed in any way
6 that could interfere with the ability of the certificate
7 holder, the board and other persons authorized under this
8 part or by the board to oversee the surveillance of the
9 conduct of sports wagering.

10 (v) Integrate the licensed facility's count room to
11 ensure maximum security of the counting and storage of
12 cash and cash equivalents.

13 (vi) Equip each designated location within the
14 licensed facility providing sports wagering with a sign
15 indicating the permissible sports wagering minimum and
16 maximum wagers.

17 (vii) Ensure that no person under 21 years of age
18 participates in sports wagering.

19 § 13E03. Temporary sports wagering regulations.

20 (a) Promulgation.--In order to facilitate the prompt
21 implementation of this chapter, regulations promulgated by the
22 board shall be deemed temporary regulations which shall expire
23 not later than two years following the publication of the
24 temporary regulations. The board may promulgate temporary
25 regulations not subject to:

26 (1) Sections 201, 202, 203, 204 and 205 of the act of
27 July 31, 1968 (P.L.769, No.240), referred to as the
28 Commonwealth Documents Law.

29 (2) The act of June 25, 1982 (P.L.633, No.181), known as
30 the Regulatory Review Act.

1 (3) Sections 204(b) and 301(10) of the act of October
2 15, 1980 (P.L.950, No.164), known as the Commonwealth
3 Attorneys Act.

4 (b) Expiration.--Except for temporary regulations governing
5 the rules of new sports wagering approved by the board, the
6 board's authority to adopt temporary regulations under
7 subsection (a) shall expire two years after the effective date
8 of this section. Regulations adopted after this period shall be
9 promulgated as provided by law.

10 § 13E04. Unauthorized sports wagering.

11 (a) Offense defined.--

12 (1) It shall be unlawful for a person to willfully and
13 knowingly operate, carry on, offer or expose for play sports
14 wagering or to accept a bet or wager associated with sports
15 wagering from a person physically located in this
16 Commonwealth at the time of play that is not within the scope
17 of a valid and current sports wagering certificate issued by
18 the board under this chapter or by another state, territory
19 or possession of the United States with which the
20 Commonwealth has a sports wagering agreement.

21 (2) It shall be unlawful for a person to willfully and
22 knowingly provide services with respect to sports wagering or
23 a bet or wager specified in paragraph (1).

24 (b) Grading of offense.--A person who violates subsection
25 (a) commits a misdemeanor of the first degree. For a second or
26 subsequent violation of subsection (a), a person commits a
27 felony of the second degree.

28 (c) Penalties.--

29 (1) For a first violation of subsection (a), a person
30 shall be sentenced to pay a fine of:

1 (i) not less than \$75,000 nor more than \$150,000, if
2 the person is an individual;

3 (ii) not less than \$150,000 nor more than \$300,000,
4 if the person is a licensed manufacturer or supplier; or

5 (iii) not less than \$300,000 nor more than \$600,000,
6 if the person is a licensed gaming entity.

7 (2) For a second or subsequent violation of subsection
8 (a), a person shall be sentenced to pay a fine of:

9 (i) not less than \$150,000 nor more than \$300,000,
10 if the person is an individual;

11 (ii) not less than \$300,000 nor more than \$600,000,
12 if the person is a licensed manufacturer or supplier; or

13 (iii) not less than \$600,000 nor more than
14 \$1,200,000, if the person is a licensed gaming entity.

15 (d) Forfeiture.--If a person engages in sports wagering from
16 a location in which the activity is unauthorized, the person
17 shall forfeit all entitlement to winnings and the money
18 associated with forfeited winnings shall be deposited into the
19 Compulsive and Problem Gambling Treatment Fund established under
20 section 1509(b) (relating to compulsive and problem gambling
21 program).

22 (e) Tax liability.--

23 (1) An unlicensed person who offers sports wagering to
24 persons in this Commonwealth shall be liable for all taxes
25 required under this chapter in the same manner and amounts as
26 if the person were a licensee.

27 (2) Timely payment of the taxes may not constitute a
28 defense to a prosecution or other proceeding in connection
29 with unauthorized sports wagering, except for a prosecution
30 or proceeding alleging failure to make a payment.

1 the board has entered into a sports wagering agreement.

2 (ii) No individual under 21 years of age may make a
3 wager or bet on sporting events through authorized sports
4 wagering or have access to the designated area of the
5 licensed facility authorized to host sports wagering.

6 (b) Federal authorization.--

7 (1) The Secretary of State shall, when Federal law is
8 enacted or a Federal court decision is filed that affirms the
9 authority of a state to regulate sports wagering, publish a
10 notice in the Pennsylvania Bulletin certifying the enactment
11 or filing of the decision.

12 (2) The board may not authorize the conduct of sports
13 wagering in this Commonwealth until the notice is published
14 as prescribed under paragraph (1).

15 § 13E12. Petition requirements.

16 (a) General rule.--Unless otherwise prohibited under section
17 13A13 (relating to prohibitions), a slot machine licensee may
18 seek approval to conduct sports wagering by filing a petition
19 with the board.

20 (b) Petition contents.--A petition seeking authorization to
21 conduct sports wagering shall include the following:

22 (1) The name, business address and contact information
23 of the petitioner.

24 (2) The name and business address, job title and a
25 photograph of each principal and key employee of the
26 petitioner who will be involved in the conduct of sports
27 wagering and who is not currently licensed by the board, if
28 known.

29 (3) A brief description of the economic benefits
30 expected to be realized by the Commonwealth, its

1 municipalities and its residents if sports wagering is
2 authorized at the petitioner's licensed facility.

3 (4) The details of financing obtained or that will be
4 obtained to fund an expansion or modification of the licensed
5 facility to accommodate sports wagering and to otherwise fund
6 the cost of commencing sports wagering.

7 (5) Information and documentation concerning financial
8 background and resources, as the board may require, to
9 establish by clear and convincing evidence the financial
10 stability, integrity and responsibility of the petitioner.

11 (6) Information and documentation, as the board may
12 require, to establish by clear and convincing evidence that
13 the petitioner has sufficient business ability and experience
14 to create and maintain a successful sports wagering
15 operation. In making this determination, the board may
16 consider the performance of the petitioner's slot machine and
17 table game operation, including financial information,
18 employment data and capital investment.

19 (7) Information and documentation, as the board may
20 require, to establish by clear and convincing evidence that
21 the petitioner has or will have the financial ability to pay
22 the authorization fee under section 13E61 (relating to sports
23 wagering authorization fee).

24 (8) Detailed site plans identifying the petitioner's
25 proposed sports wagering area within the licensed facility.

26 (9) Other information as the board may require.

27 (c) Confidentiality.--Information submitted to the board
28 under subsection (b) (4), (5), (6), (7) and (8) may be considered
29 confidential by the board if the information is confidential
30 under section 1206(f) (relating to board minutes and records).

1 § 13E13. Standard for review of petitions.

2 (a) General rule.--The board shall approve a petition if the
3 petitioner establishes, by clear and convincing evidence, all of
4 the following:

5 (1) The petitioner's slot machine license is in good
6 standing with the board.

7 (2) The conduct of sports wagering at the petitioner's
8 licensed facility will have a positive economic impact on the
9 Commonwealth, its municipalities and residents through
10 increased revenues and employment opportunities.

11 (3) The petitioner possesses an adequate amount of money
12 or has secured adequate financing to:

13 (i) Fund any necessary expansion or modification of
14 the petitioner's licensed facility to accommodate the
15 conduct of sports wagering.

16 (ii) Pay the authorization fee in accordance with
17 section 13E61 (relating to sports wagering authorization
18 fee).

19 (iii) Commence sports wagering operations at the
20 petitioner's licensed facility.

21 (4) The petitioner has the financial stability,
22 integrity and responsibility to conduct sports wagering.

23 (5) The petitioner has sufficient business ability and
24 experience to create and maintain a successful sports
25 wagering operation.

26 (6) The petitioner's proposed internal and external
27 security and proposed surveillance measures within the area
28 of the licensed facility where the petitioner seeks to
29 conduct sports wagering are adequate.

30 (7) The petitioner has satisfied the petition

1 application requirements and provided other information
2 required under section 13E12(b) (relating to petition
3 requirements).

4 (b) Timing of approval.--The board shall approve or deny a
5 petition within 90 days following receipt of the petition.

6 § 13E14. Award of certificate.

7 (a) General rule.--Upon approval of a petition, the board
8 shall award a sports wagering certificate to the petitioner. The
9 award of a sports wagering certificate prior to the payment in
10 full of the authorization fee required under section 13E61
11 (relating to sports wagering authorization fee) shall not
12 relieve the petitioner from complying with the provisions of
13 section 13E61.

14 (b) Statement of conditions.--Upon awarding a sports
15 wagering operation certificate, the board shall amend the slot
16 machine licensee's statement of conditions pertaining to the
17 requirements of this chapter.

18 (c) Term of sports wagering certificate.--Subject to the
19 power of the board to deny, revoke or suspend a sports wagering
20 certificate issued in accordance with the requirements of this
21 section, a sports wagering certificate shall be renewed every
22 five years and shall be subject to the requirements under
23 section 1326 (relating to license renewals).

24 § 13E15. Sports wagering certificate.

25 The following shall apply:

26 (1) A sports wagering certificate shall be in effect
27 unless:

28 (i) suspended or revoked by the board consistent
29 with the requirements of this part;

30 (ii) the slot machine license held by the

1 certificate holder is suspended, revoked or not renewed
2 by the board consistent with the requirements of this
3 part; or

4 (iii) the certificate holder relinquishes or does
5 not seek renewal of the certificate holder's slot machine
6 license.

7 (2) A certificate holder that fails to abide by this
8 chapter or any condition contained in the slot machine
9 licensee's statement of conditions governing the conduct of
10 sports wagering shall be subject to board-imposed
11 administrative sanctions or other penalties authorized under
12 this part.

13 § 13E16. Sports wagering by suppliers and manufacturers.

14 (a) Suppliers.--A person that sells, leases, offers or
15 otherwise provides, distributes or services a sports wagering
16 device or associated equipment for use or operation in this
17 Commonwealth for sports wagering purposes shall be licensed by
18 the board under section 1317 (relating to supplier licenses) and
19 shall be subject to application and licensure fees and fines as
20 prescribed under section 1208 (relating to collection of fees
21 and fines), as determined by the board.

22 (b) Manufacturers.--A person who manufacturers, builds,
23 rebuilds, fabricates, assembles, produces, programs, designs or
24 otherwise makes modifications to a sports wagering device or
25 associated equipment for use or operation in this Commonwealth
26 for sports wagering purposes shall be licensed by the board
27 under section 1317.1 (relating to manufacturer licenses) and
28 shall be subject to application and licensure fees and fines as
29 prescribed under section 1208, as determined by the board.

30 SUBCHAPTER C

1 CONDUCT OF SPORTS WAGERING

2 Sec.

3 13E21. Authorized locations for operation.

4 13E22. Commencement of sports wagering operations.

5 13E23. Condition of continued operation.

6 13E24. Key employees and occupation permits.

7 13E25. Application of Clean Indoor Air Act.

8 13E25.1. Application of Liquor Code.

9 § 13E21. Authorized locations for operation.

10 (a) Restriction.--A certificate holder may only be permitted
11 to conduct sports wagering at the licensed facility, a temporary
12 facility authorized under subsection (a.1) or an area authorized
13 under subsection (b).

14 (a.1) Temporary facilities.--The board may permit a
15 certificate holder to conduct sports wagering at a temporary
16 facility that is physically connected to, attached to or
17 adjacent to a licensed facility for a period not to exceed 24
18 months.

19 (b) Powers and duties of board.--

20 (1) Upon request made by a certificate holder, the board
21 may determine the suitability of a Category 1 licensed gaming
22 entity that is also a licensed racing entity authorized to
23 conduct pari-mutuel wagering at nonprimary locations under 3
24 Pa.C.S. Ch. 93 (relating to race horse industry reform), to
25 conduct sports wagering at nonprimary locations.

26 (2) No certificate holder may be approved to conduct
27 sports wagering in a nonprimary location unless the areas are
28 equipped with adequate security and surveillance equipment to
29 ensure the integrity of the conduct of sports wagering.

30 (3) An authorization granted under this subsection may

1 not:

2 (i) Impose criteria or requirements regarding the
3 contents or structure of a nonprimary location that are
4 unrelated to the conduct of sports wagering.

5 (ii) Authorize the placement or operation of slot
6 machines or table games in a nonprimary location.

7 § 13E22. Commencement of sports wagering operations.

8 No certificate holder may operate or offer sports wagering
9 until the board determines that:

10 (1) The certificate holder is in compliance with the
11 requirements of this part.

12 (2) The certificate holder is prepared in all respects
13 to offer sports wagering play to the public at the licensed
14 facility.

15 (3) The certificate holder has implemented necessary
16 internal and management controls and security arrangements
17 and surveillance systems for the conduct of sports wagering.

18 (4) The certificate holder is in compliance with or has
19 complied with section 13A61 (relating to table game
20 authorization fee).

21 (5) Other conditions as the board may require to
22 implement the conduct of sports wagering.

23 § 13E23. Condition of continued operation.

24 As a condition of continued operation, a certificate holder
25 shall agree to maintain all books, records and documents
26 pertaining to sports wagering in a manner and location within
27 this Commonwealth as approved by the board. The books, records
28 and documents related to sports wagering shall:

29 (1) Be segregated by separate accounts within the
30 certificate holder's books, records and documents, except for

1 books, records or documents that are common to slot machine,
2 table game and sports wagering operations.

3 (2) Be immediately available for inspection upon request
4 of the board, the bureau, the department, the Pennsylvania
5 State Police or the Attorney General, or agents thereof,
6 during all hours of operation of the certificate holder in
7 accordance with regulations promulgated by the board.

8 (3) Be maintained for a period as the board, by
9 regulation, may require.

10 § 13E24. Key employees and occupation permits.

11 Nothing in this part may be construed to require an
12 individual who holds a principal license, a key employee license
13 or gaming employee license under Chapter 13 (relating to
14 licensees) to obtain a separate license or permit to be employed
15 in a certificate holder's sports wagering operation authorized
16 under this chapter.

17 § 13E25. Application of Clean Indoor Air Act.

18 For the purpose of section 3(b)(11) of the act of June 13,
19 2008 (P.L.182, No.27), known as the Clean Indoor Air Act, the
20 term "gaming floor" shall include the areas of a facility where
21 the certificate holder is authorized to conduct sports wagering,
22 except areas off the gaming floor where contests or tournaments
23 are conducted unless smoking is otherwise permitted in those
24 areas.

25 § 13E25.1. Application of Liquor Code.

26 The provisions of section 493(24)(ii) of the act of April 12,
27 1951 (P.L.90, No.21), known as the Liquor Code, shall apply to
28 sports wagering.

29 SUBCHAPTER D

30 SPORTS WAGERING TAXES AND FEES

1 Sec.

2 13E61. Sports wagering authorization fee.

3 13E62. Sports wagering tax.

4 13E63. Local share assessment.

5 13E64. Compulsive and problem gambling.

6 § 13E61. Sports wagering authorization fee.

7 (a) Amount.--Each slot machine licensee that is issued a
8 sports wagering certificate to conduct sports wagering under
9 section 13E11 (relating to authorization to conduct sports
10 wagering) shall pay a one-time nonrefundable authorization fee
11 of \$5,000,000.

12 (b) Payment of fee.--The slot machine licensee under
13 subsection (a) shall remit the fee to the board within 60 days
14 of the approval of a petition to conduct sports wagering. The
15 board may allow the fee to be paid in installments, provided all
16 installments are paid within the 60-day period. In that event,
17 the board and the slot machine licensee shall enter into a
18 written agreement setting forth the terms of payment. Sports
19 wagering may not be conducted until the fee under subsection (a)
20 is paid in full.

21 (c) Renewal fee.--Notwithstanding any other provision of
22 this chapter, a slot machine licensee that is issued a sports
23 wagering certificate shall pay a renewal fee in the amount of
24 \$250,000 upon the renewal of its sports wagering certificate in
25 accordance with sections 1326 (relating to license renewals) and
26 13E14(c) (relating to award of certificate).

27 (d) Failure to pay by deadline.--If a petitioner or
28 certificate holder fails to pay the required authorization fee
29 in full within the 60-day period, the board shall impose a
30 penalty and may grant the petitioner or certificate holder up to

1 a six-month extension to pay the authorization fee or any
2 remaining portion of the authorization fee and the penalty.

3 (e) Suspension of certificate.--The board shall suspend the
4 sports wagering certificate if the certificate holder fails to
5 pay the total authorization fee and the penalty prior to the
6 expiration of an extension period granted under subsection (c).
7 The suspension shall remain in effect until final payment is
8 made.

9 (f) Deposit of fees.--Notwithstanding section 1208 (relating
10 to collection of fees and fines), all sports wagering
11 authorization fees or penalties, sports wagering device and
12 associated equipment manufacturer and supplier license fees,
13 sports wagering device or associated equipment manufacturer and
14 supplier renewal fees and fees for licenses issued under Chapter
15 16 (relating to junkets) shall be deposited in the General Fund.
16 § 13E62. Sports wagering tax.

17 (a) Imposition.--Each certificate holder shall report to the
18 department and pay from the certificate holder's daily gross
19 sports wagering revenue, on a form and in the manner prescribed
20 by the department, a tax of 16% of the certificate holder's
21 daily gross sports wagering revenue.

22 (b) Deposits and distributions.--

23 (1) The tax imposed under subsection (a) shall be
24 payable to the department on a weekly basis and shall be
25 based upon gross sports wagering revenue derived during the
26 previous week.

27 (2) All money owed to the Commonwealth under this
28 section shall be held in trust for the Commonwealth by the
29 certificate holder until the money is paid to the department.
30 Unless otherwise agreed to by the board, a certificate holder

1 shall establish a separate bank account into which gross
2 sports wagering revenue shall be deposited and maintained
3 until such time as the money is paid to the department under
4 this section or paid into the fund under section 13E63(a)
5 (relating to local share assessment).

6 (3) The tax imposed under subsection (a) shall be
7 deposited into the General Fund.

8 § 13E63. Local share assessment.

9 (a) Required payment.--In addition to the tax imposed under
10 section 13E62 (relating to sports wagering tax), each
11 certificate holder shall pay on a weekly basis and on a form and
12 in a manner prescribed by the department a local share
13 assessment. All money owed under this section shall be held in
14 trust by the certificate holder for the host county and host
15 municipality until the money is paid to the department.

16 (b) Distributions.--Except as provided under subsection
17 (b.1), the department shall make quarterly distributions from
18 the local share assessments paid into the department to
19 counties, including home rule counties, and to municipalities,
20 including home rule municipalities, hosting a licensed facility
21 authorized to conduct sports wagering in the following manner:

22 (1) Fifty percent of the local share assessment under
23 this chapter shall be distributed to the county hosting the
24 licensed facility.

25 (2) Fifty percent of the local share assessment under
26 this chapter shall be distributed to the municipality hosting
27 the licensed facility.

28 (b.1) Nonprimary locations.--For sports wagering conducted
29 at nonprimary locations, the local share assessment imposed
30 under subsection (a) shall be distributed equally to the county

1 and the municipality hosting the nonprimary location at which
2 sports wagering is conducted.

3 (c) Definitions.--As used in this section, "local share
4 assessment" means 2% of a certificate holder's daily gross
5 sports wagering revenue.

6 § 13E64. Compulsive and problem gambling.

7 The following shall apply:

8 (1) Each year, from the tax imposed in section 13E62
9 (relating to sports wagering tax), \$2,000,000 or an amount
10 equal to .002 multiplied by the total gross sports wagering
11 revenue of all active and operating sports wagering
12 certificate holders, whichever is greater, shall be
13 transferred into the Compulsive and Problem Gambling
14 Treatment Fund established under section 1509 (relating to
15 compulsive and problem gambling program).

16 (2) Each year, from the tax imposed under section 13E62,
17 \$2,000,000 or an amount equal to .002 multiplied by the total
18 gross sports wagering revenue of all active and operating
19 sports wagering certificate holders, whichever is greater,
20 shall be transferred to the Department of Health to be used
21 for drug and alcohol addiction treatment services, including
22 treatment for drug and alcohol addiction related to
23 compulsive and problem gambling, as set forth in section
24 1509.1 (relating to drug and alcohol treatment).

25 SUBCHAPTER E

26 MISCELLANEOUS PROVISIONS

27 Sec.

28 13E71. Criminal activity.

29 § 13E71. Criminal activity.

30 Sports wagering conducted by a certificate holder in

1 accordance with this chapter shall not constitute a criminal
2 activity under 18 Pa.C.S. § 5514 (relating to pool selling and
3 bookmaking).

4 Section 9. Section 1402(b) of Title 4 is amended and the
5 section is amended by adding a subsection to read:

6 § 1402. Gross terminal revenue deductions.

7 * * *

8 (b) [(Reserved).] Limitation.--Upon payment of the fee
9 established under subsection (c), the deductions from each
10 account under subsection (a) for a fiscal year and the
11 regulatory assessment on a slot machine licensee to recover the
12 costs and expenses under subsection (a) for a fiscal year shall
13 not exceed 1.5% of the total gross terminal revenue and gross
14 table game revenue generated by the slot machine licensee for
15 the previous fiscal year. The assessment may not be applied to
16 promotional play.

17 (c) One-time fee.--In order to invoke the cap established in
18 subsection (b), a slot machine licensee shall pay a one-time fee
19 equal to 1% of the gross terminal revenue and gross table game
20 revenue generated by the licensee in calendar year 2016. The fee
21 shall be deposited into the General Fund.

22 Section 10. Section 1403(b) and (c) of Title 4 are reenacted
23 and amended to read:

24 § 1403. Establishment of State Gaming Fund and net slot machine
25 revenue distribution.

26 * * *

27 (b) Slot machine tax.--The department shall determine and
28 each slot machine licensee shall pay a daily tax of 34% from its
29 daily gross terminal revenue from the slot machines in operation
30 at its facility and a local share assessment as provided in

1 subsection (c). All funds owed to the Commonwealth, a county or
2 a municipality under this section shall be held in trust by the
3 licensed gaming entity for the Commonwealth, the county and the
4 municipality until the funds are paid or transferred to the
5 fund. Unless otherwise agreed to by the board, a licensed gaming
6 entity shall establish a separate bank account to maintain gross
7 terminal revenue until such time as the funds are paid or
8 transferred under this section. Moneys in the fund are hereby
9 appropriated to the department on a continuing basis for the
10 purposes set forth in subsection (c).

11 (c) Transfers and distributions.--The department shall:

12 (1) Transfer the slot machine tax and assessment imposed
13 in subsection (b) to the fund.

14 (2) From the local share assessment established in
15 subsection (b), make quarterly distributions among the
16 counties hosting a licensed facility in accordance with the
17 following schedule:

18 (i) If the licensed facility is a Category 1
19 licensed facility that is located at a harness racetrack
20 and the county, including a home rule county, in which
21 the licensed facility is located is:

22 (A) A county of the first class: 4% of the
23 gross terminal revenue to the county hosting the
24 licensed facility from each such licensed facility.
25 Notwithstanding any other provision to the contrary,
26 funds from licensed gaming entities located within a
27 county of the first class shall not be distributed
28 outside of a county of the first class.

29 (B) A county of the second class: 2% of the
30 gross terminal revenue to the county hosting the

1 licensed facility from each such licensed facility.

2 (C) A county of the second class A: 1% of the
3 gross terminal revenue to the county hosting the
4 licensed facility from each such licensed facility.
5 An additional 1% of the gross terminal revenue to the
6 county hosting the licensed facility from each such
7 licensed facility for the purpose of municipal grants
8 within the county in which the licensee is located.

9 (D) (I) A county of the third class: Except as
10 provided in subclause (II), 2% of the gross
11 terminal revenue from each such licensed facility
12 shall be deposited into a restricted receipts
13 account to be established in the Commonwealth
14 Financing Authority to be used exclusively for
15 grants for projects in the public interest to
16 municipalities within the county where the
17 licensed facility is located.

18 (I.1) Priority shall be given to multiyear
19 projects approved or awarded by the Department of
20 Community and Economic Development under
21 subclause (I) on or before the effective date of
22 this subclause.

23 (I.2) In addition to municipalities that are
24 eligible to receive grant funding under subclause
25 (I), a county redevelopment authority within the
26 county shall also be eligible to receive grant
27 funding to be used exclusively for economic
28 development projects or infrastructure. A county
29 redevelopment authority shall not be eligible to
30 receive more than 10% of the total grant funds

1 awarded.

2 (I.3) Notwithstanding the act of February 9,
3 1999 (P.L.1, No.1), known as the Capital
4 Facilities Debt Enabling Act, grants made under
5 subclause (I) may be utilized as local matching
6 funds for other grants or loans from the
7 Commonwealth.

8 (II) If a licensed facility is located in
9 one of two counties of the third class where a
10 city of the third class is located in both
11 counties of the third class, the county in which
12 the licensed facility is located shall receive
13 1.2% of the gross terminal revenue to be
14 distributed as follows: 20% to the host city,
15 30% to the host county and 50% to the host county
16 for the purpose of making municipal grants within
17 the county, with priority given to municipalities
18 contiguous to the host city. The county of the
19 third class, which includes a city of the third
20 class that is located in two counties of the
21 third class and is not the host county for the
22 licensed facility, shall receive .8% of the gross
23 terminal revenue to be distributed as follows:
24 60% to a nonhost city of the third class located
25 solely in the nonhost county in which the host
26 city of the third class is also located or 60% to
27 the nonhost city of the third class located both
28 in the host and nonhost counties of the third
29 class, 35% to the nonhost county and 5% to the
30 nonhost county for the purpose of making

1 municipal grants within the county.

2 (E) A county of the fourth class: 2% of the
3 gross terminal revenue from each such licensed
4 facility shall be distributed as follows:

5 (I) The department shall make distributions
6 directly to each municipality within the county,
7 except the host municipality, by using a formula
8 equal to the sum of \$25,000 plus \$10 per resident
9 of the municipality using the most recent
10 population figures provided by the Department of
11 Community and Economic Development, provided,
12 however, that the amount so distributed to any
13 municipality shall not exceed 50% of its total
14 budget for fiscal year 2009 or 2013, whichever is
15 greater, adjusted for inflation in subsequent
16 fiscal years by an amount not to exceed an annual
17 cost-of-living adjustment calculated by applying
18 any upward percentage change in the Consumer
19 Price Index immediately prior to the date the
20 adjustment is due to take effect. Distributions
21 to a municipality in accordance with this
22 subclause shall be deposited into a special fund
23 which shall be established by the municipality.
24 The governing body of the municipality shall have
25 the right to draw upon the special fund for any
26 lawful purpose provided that the municipality
27 identifies the fund as the source of the
28 expenditure. Each municipality shall annually
29 submit a report to the Department of Community
30 and Economic Development detailing the amount and

1 purpose of each expenditure made from the special
2 fund during the prior fiscal year.

3 (II) Any funds not distributed under
4 subclause (I) shall be deposited into a
5 restricted receipts account established in the
6 Department of Community and Economic Development
7 to be used exclusively for grants to the county,
8 to economic development authorities or
9 redevelopment authorities within the county for
10 grants for economic development projects,
11 infrastructure projects, job training, community
12 improvement projects, other projects in the
13 public interest, and necessary and reasonable
14 administrative costs. Notwithstanding the
15 provisions of the [act of February 9, 1999
16 (P.L.1, No.1), known as the] Capital Facilities
17 Debt Enabling Act, grants made under this clause
18 may be utilized as local matching funds for other
19 grants or loans from the Commonwealth.

20 (F) Counties of the fifth through eighth
21 classes:

22 (I) Except as set forth in subclause (II),
23 2% of the gross terminal revenue from each such
24 licensed facility shall be deposited into a
25 restricted account established in the Department
26 of Community and Economic Development to be used
27 exclusively for grants to the county.

28 (II) If the licensed facility is located in
29 a second class township in a county of the fifth
30 class, 2% of the gross terminal revenue from the

1 licensed facility shall be distributed as
2 follows:

3 (a) 1% shall be deposited into a
4 restricted receipts account to be established
5 in the Commonwealth Financing Authority to be
6 used exclusively for grants for projects in
7 the public interest to municipalities within
8 the county where the licensed facility is
9 located.

10 (b) 1% shall be distributed to the county
11 for projects in the public interest in the
12 county.

13 (G) Any county not specifically enumerated in
14 clauses (A) through (F), 2% of the gross terminal
15 revenue to the county hosting the licensed facility
16 from each such licensed facility.

17 (ii) If the licensed facility is a Category 1
18 licensed facility and is located at a thoroughbred
19 racetrack and the county in which the licensed facility
20 is located is:

21 (A) A county of the first class: 4% of the
22 gross terminal revenue to the county hosting the
23 licensed facility from each such licensed facility.
24 Notwithstanding any other provision to the contrary,
25 funds from licensed gaming entities located within
26 the county of the first class shall not be
27 distributed outside of a county of the first class.

28 (B) A county of the second class: 2% of the
29 gross terminal revenue to the county hosting the
30 licensed facility from each such licensed facility.

1 (C) A county of the second class A: 1% of the
2 gross terminal revenue to the county hosting the
3 licensed facility from each such licensed facility.
4 An additional 1% of the gross terminal revenue to the
5 county hosting the licensed facility from each such
6 licensed facility for the purpose of municipal grants
7 within the county in which the licensee is located.

8 (D) The following shall apply:

9 (I) A county of the third class: 1% of the
10 gross terminal revenue to the county hosting the
11 licensed facility from each such licensed
12 facility. An additional 1% of the gross terminal
13 revenue minus the amount contained in clauses
14 (D.1) and (D.2) to the county hosting the
15 licensed facility from each such licensed
16 facility for the purpose of municipal grants
17 within the county in which the licensee is
18 located.

19 (II) Notwithstanding the provisions of the
20 Capital Facilities Debt Enabling Act, grants made
21 under this clause may be utilized as local
22 matching funds for other grants or loans from the
23 Commonwealth.

24 (III) For a county of the third class, which
25 is also a home rule county, beginning January 1,
26 2018, municipal grants authorized under this
27 clause shall not be awarded through a county
28 economic development or redevelopment authority
29 and shall only be awarded by the county, which is
30 also a home rule county, through an official

1 action of the county council and the county
2 executive governing the county of the third class
3 which is also a home rule county.

4 (D.1) Five hundred thousand dollars of the gross
5 terminal revenue to a city of the third class with a
6 population of not less than 80,000 located within a
7 county of the third class that is also a home rule
8 county to be used exclusively for police, fire and
9 other emergency services or infrastructure projects.
10 Notwithstanding the provisions of the Capital
11 Facilities Debt Enabling Act, funds distributed under
12 this clause may be utilized as local matching funds
13 for other grants or loans from the Commonwealth.

14 (D.2) One million five hundred thousand dollars
15 of the gross terminal revenue annually to a land bank
16 jurisdiction established by a county of the third
17 class which is also a home rule county. Until a land
18 bank jurisdiction is established by a county of the
19 third class which is also a home rule county after
20 the effective date of this subclause, \$1,500,000 to
21 the county redevelopment authority.

22 (E) A county of the fourth class: 2% of the
23 gross terminal revenue from each such licensed
24 facility shall be deposited into a restricted account
25 established in the Department of Community and
26 Economic Development to be used exclusively for
27 grants to the county, to economic development
28 authorities or redevelopment authorities within the
29 county for grants for economic development projects,
30 community improvement projects, job training, other

1 projects in the public interest and reasonable
2 administrative costs. Notwithstanding the Capital
3 Facilities Debt Enabling Act, grants made under this
4 clause may be utilized as local matching funds for
5 other grants or loans from the Commonwealth.

6 (F) Counties of the fifth through eighth
7 classes: 2% of the gross terminal revenue from each
8 such licensed facility shall be deposited into a
9 restricted account established in the Department of
10 Community and Economic Development to be used
11 exclusively for grants to the county.

12 (G) Any county not specifically enumerated in
13 clauses (A) through (F), 2% of the gross terminal
14 revenue to the county hosting the licensed facility
15 from each such licensed facility.

16 (iii) If the facility is a Category 2 licensed
17 facility and if the county in which the licensed facility
18 is located is:

19 (A) A county of the first class: 4% of the
20 gross terminal revenue to the county hosting the
21 licensed facility from each such licensed facility.
22 Notwithstanding any other provision to the contrary,
23 funds from licensed gaming entities located within a
24 county of the first class shall not be distributed
25 outside of a county of the first class. [The first
26 \$5,000,000] Fifty percent or \$5,000,000, whichever is
27 greater, of the total amount distributed annually to
28 the county of the first class shall be distributed to
29 the Philadelphia School District.

30 (B) A county of the second class: 2% of the

1 gross terminal revenue to the county hosting the
2 licensed facility from each such licensed facility.

3 (C) A county of the second class A: 1% of the
4 gross terminal revenue to the county hosting the
5 licensed facility from each such licensed facility.
6 An additional 1% of the gross terminal revenue to the
7 county hosting the licensed facility from each such
8 licensed facility for the purpose of municipal grants
9 within the county in which the licensee is located.

10 (D) A county of the third class: 1% of the
11 gross terminal revenue to the county hosting the
12 licensed facility from each such licensed facility.
13 An additional 1% of the gross terminal revenue to the
14 county hosting the licensed facility from each such
15 licensed facility for the purpose of municipal grants
16 within the county in which the licensee is located.

17 (D.1) If a licensed facility is located in one
18 of two counties of the third class where a city of
19 the third class is located in both counties of the
20 third class, the county in which the licensed
21 facility is located shall receive 1.2% of the gross
22 terminal revenue to be distributed as follows: 20%
23 to the host city, 30% to the host county and 50%,
24 which shall be deposited into a restricted receipts
25 account to be established in the Commonwealth
26 Financing Authority to be used exclusively for
27 economic development projects, community improvement
28 projects and other projects in the public interest
29 within the county, to the host county [for the
30 purpose of making municipal grants within the

1 county], with priority given to municipalities
2 contiguous to the host city. The county of the third
3 class, which includes a city of the third class that
4 is located in two counties of the third class and is
5 not the host county for the licensed facility, shall
6 receive .8% of the gross terminal revenue to be
7 distributed as follows: 60% to a nonhost city of the
8 third class located solely in the nonhost county in
9 which the host city of the third class is also
10 located or 60% to the nonhost city of the third class
11 located both in the host and nonhost counties of the
12 third class, 35% to the nonhost county and 5%, which
13 shall be deposited into a restricted receipts account
14 to be established in the Commonwealth Financing
15 Authority to be used exclusively for economic
16 development projects, community improvement projects
17 and other projects in the public interest within the
18 county, to the nonhost county for the purpose of
19 making municipal grants within the county.

20 (E) A county of the fourth class: 2% of the
21 gross terminal revenue from each such licensed
22 facility shall be deposited into a restricted account
23 established in the Department of Community and
24 Economic Development to be used exclusively for
25 grants to the county, to economic development
26 authorities or redevelopment authorities within the
27 county for grants for economic development projects,
28 community improvement projects, job training, other
29 projects in the public interest and reasonable
30 administrative costs. Notwithstanding the Capital

1 Facilities Debt Enabling Act, grants made under this
2 clause may be utilized as local matching funds for
3 other grants or loans from the Commonwealth.

4 (F) Counties of the fifth class: 2% of the
5 gross terminal revenue from each such licensed
6 facility shall be deposited and distributed as
7 follows:

8 (I) One percent to be distributed as
9 follows:

10 (a) Beginning in 2010, the sum of
11 \$2,400,000 annually for a period of 20 years
12 to the county for purposes of funding debt
13 service related to the construction of a
14 community college campus located within the
15 county.

16 (b) Any funds not distributed under
17 subclause (a) shall be deposited into a
18 restricted receipts account to be established
19 in the Commonwealth Financing Authority to be
20 used exclusively for grants within the county
21 for economic development projects, road
22 projects located within a 20-mile radius of
23 the licensed facility and located within the
24 county, community improvement projects and
25 other projects in the public interest within
26 the county. The amount under this subclause
27 includes reasonable administrative costs.

28 (II) One percent shall be deposited into a
29 restricted receipts account to be established in
30 the Commonwealth Financing Authority to be used

1 exclusively for grants within contiguous counties
2 for economic development projects, community
3 improvement projects and other projects in the
4 public interest within contiguous counties. The
5 amount under this subclause includes reasonable
6 administrative costs. A contiguous county that
7 hosts a Category 1 licensed facility shall be
8 ineligible to receive grants under this
9 subclause.

10 (II.1) Priority shall be given to multiyear
11 projects approved or awarded by the Department of
12 Community and Economic Development under
13 subclause (I) (b) or (II) on or before the
14 effective date of this subclause.

15 (III) Fifty percent of any revenue required
16 to be transferred under paragraph (3) (v) shall be
17 deposited into the restricted receipts account
18 established under subclause (I) (b), and 50% shall
19 be deposited into the restricted receipts account
20 established under subclause (II). Notwithstanding
21 the Capital Facilities Debt Enabling Act, grants
22 made under this clause may be utilized as local
23 matching funds for other grants or loans from the
24 Commonwealth.

25 (G) Any county not specifically enumerated in
26 clauses (A) through (F), 2% of the gross terminal
27 revenue to the county hosting the licensed facility
28 from each such licensed facility.

29 (iv) The following apply:

30 (A) Except as provided in clause (B) or (C), if

1 the facility is a Category 3 licensed facility, 2% of
2 the gross terminal revenue from the licensed facility
3 shall be deposited into a restricted receipts account
4 established in the Department of Community and
5 Economic Development to be used exclusively for
6 grants to the county, to economic development
7 authorities or redevelopment authorities within the
8 county for grants for economic development projects,
9 community improvement projects and other projects in
10 the public interest.

11 (B) If the facility is a Category 3 licensed
12 facility located in a county of the second class A,
13 2% of the gross terminal revenue [from the licensed
14 facility shall be deposited into a restricted
15 receipts account to be established in the
16 Commonwealth Financing Authority to be used
17 exclusively for grants or guarantees for projects in
18 the host county that qualify under 64 Pa.C.S. §§ 1551
19 (relating to Business in Our Sites Program), 1556
20 (relating to Tax Increment Financing Guarantee
21 Program) and 1558 (relating to Water Supply and
22 Wastewater Infrastructure Program).] to the county
23 hosting the licensed facility from the licensed
24 facility shall be deposited as follows:

25 (I) Seventy-five percent shall be deposited
26 for the purpose of supporting the maintenance and
27 refurbishment of the parks and heritage sites
28 throughout the county in which the licensed
29 facility is located.

30 (II) Twelve and one-half percent shall be

1 deposited for the purpose of supporting a child
2 advocacy center located within the county in
3 which the licensed facility is located.

4 (III) Twelve and one-half percent shall be
5 deposited for the purpose of supporting an
6 organization providing comprehensive support
7 services to victims of domestic violence,
8 including legal and medical aid, shelters,
9 transitional housing and counseling, located
10 within the county in which the licensed facility
11 is located.

12 (C) If the facility is a Category 3 licensed
13 facility located in a county of the fifth class that
14 is contiguous to a county of the seventh class, 2% of
15 the gross terminal revenue from the licensed facility
16 shall be deposited into a restricted receipts account
17 to be established in the Commonwealth Financing
18 Authority to be used exclusively for grants within
19 the county for economic development projects,
20 infrastructure projects, community improvement
21 projects and other projects in the public interest
22 within the county and for infrastructure projects
23 within a 20-mile radius of the licensed facility in a
24 contiguous county of the seventh class.

25 (v) Unless otherwise specified, for the purposes of
26 this paragraph money designated for municipal grants
27 within a county, other than a county of the first class,
28 in which a licensed facility is located shall be used to
29 fund grants to the municipality in which the licensed
30 facility is located, to the county in which the licensed

1 facility is located and to the municipalities which are
2 contiguous to the municipality in which the licensed
3 facility is located and which are located within the
4 county in which the licensed facility is located. Grants
5 shall be administered by the county through its economic
6 development or redevelopment authority in which the
7 licensed facility is located. Grants shall be used to
8 fund the costs of human services, infrastructure
9 improvements, facilities, emergency services, health and
10 public safety expenses associated with licensed facility
11 operations. If at the end of a fiscal year uncommitted
12 funds exist, the county shall pay to the economic
13 development or redevelopment authority of the county in
14 which the licensed facility is located the uncommitted
15 funds.

16 (vi) If the licensed facility is located in more
17 than one county, the amount available shall be
18 distributed on a pro rata basis determined by the
19 percentage of acreage located in each county to the total
20 acreage of all counties occupied by the licensed
21 facility.

22 (vii) The distributions provided in this paragraph
23 shall be based upon county classifications in effect on
24 the effective date of this section. Any reclassification
25 of counties as a result of a Federal decennial census or
26 of a State statute shall not apply to this subparagraph.

27 (viii) If any provision of this paragraph is found
28 to be unenforceable for any reason, the distribution
29 provided for in the unenforceable provision shall be made
30 to the county in which the licensed facility is located

1 for the purposes of grants to municipalities in that
2 county, including municipal grants as specified in
3 subparagraph (v).

4 (ix) Nothing in this paragraph shall prevent any of
5 the above counties which directly receive a distribution
6 under this section from entering into intergovernmental
7 cooperative agreements with other jurisdictions for
8 sharing this money.

9 (3) From the local share assessment established in
10 subsection (b), make quarterly distributions among the
11 municipalities, including home rule municipalities, hosting a
12 licensed facility in accordance with the following schedule:

13 (i) To a city of the second class hosting a licensed
14 facility, other than a Category 3 licensed facility, [2%
15 of the gross terminal revenue or] \$10,000,000 annually[,
16 whichever is greater,] shall be paid by each licensed
17 gaming entity operating a facility located in that city.
18 [In the event that the revenues generated by the 2% do
19 not meet the \$10,000,000 minimum specified in this
20 subparagraph, the] The department shall collect the
21 [remainder of the minimum amount of] \$10,000,000 from
22 each licensed gaming entity operating a facility in the
23 city in equal installments paid quarterly and deposit
24 [that amount] those amounts in the city treasury.

25 (ii) To a city of the second class A hosting a
26 licensed facility, other than a Category 3 licensed
27 facility, [2% of the gross terminal revenue or]
28 \$10,000,000 annually[, whichever is greater,] shall be
29 paid by each licensed entity operating a licensed
30 facility located in that city, subject, however, to the

1 budgetary limitation in this subparagraph. The amount
2 allocated to the designated municipalities shall not
3 exceed 50% of their total budget for fiscal year 2003-
4 2004, adjusted for inflation in subsequent years by an
5 amount not to exceed an annual cost-of-living adjustment
6 calculated by applying the percentage change in the
7 Consumer Price Index immediately prior to the date the
8 adjustment is due to take effect. Any remaining moneys
9 shall be collected by the department from each licensed
10 gaming entity and distributed in accordance with
11 paragraph (2) based upon the classification of county
12 where the licensed facility is located. [In the event
13 that the revenues generated by the 2% do not meet the
14 \$10,000,000 minimum specified in this subparagraph, the]
15 The department shall collect the [remainder of the
16 minimum amount of] \$10,000,000 from each licensed gaming
17 entity operating a facility in the city, pay any balance
18 due to the city in equal installments paid quarterly and
19 transfer any remainder in accordance with paragraph (2).

20 (iii) To a city of the third class hosting a
21 licensed facility, other than a Category 3 licensed
22 facility, [2% of the gross terminal revenue or]
23 \$10,000,000 annually[, whichever is greater,] shall be
24 paid by each licensed gaming entity operating a licensed
25 facility located in that city, subject, however, to the
26 budgetary limitation in this subparagraph. In the event
27 that the city has a written agreement with a licensed
28 gaming entity executed prior to the effective date of
29 this part, the amount paid under the agreement to the
30 city shall be applied and credited to the [difference

1 between 2% of the gross terminal revenue and the]
2 \$10,000,000 owed under this subparagraph [if the 2% of
3 the gross terminal revenue is less than \$10,000,000. If
4 2% of the gross terminal revenue is greater than the
5 \$10,000,000 required to be paid under this subparagraph,
6 the credit shall not apply]. The amount of gross terminal
7 revenue required to be paid pursuant to the agreement
8 shall be deemed to be gross terminal revenue for purposes
9 of this subparagraph. The amount allocated to the
10 designated municipalities shall not exceed 50% of their
11 total budget for fiscal year 2003-2004, adjusted for
12 inflation in subsequent years by an amount not to exceed
13 an annual cost-of-living adjustment calculated by
14 applying the percentage change in the Consumer Price
15 Index immediately prior to the date the adjustment is due
16 to take effect. Any remaining moneys shall be collected
17 by the department from each licensed gaming entity and
18 distributed in accordance with paragraph (2) based upon
19 the classification of county where the licensed facility
20 is located. [In the event that the revenues generated by
21 the 2% do not meet the \$10,000,000 minimum specified in
22 this subparagraph, the] The department shall collect the
23 [remainder of the minimum amount of] \$10,000,000 from
24 each licensed gaming entity operating a facility in equal
25 installments paid quarterly, pay any balance due to the
26 city of the third class and transfer any remainder in
27 accordance with paragraph (2).

28 (iii.1) If a licensed facility is located in a city
29 of the third class and the city is located in more than
30 one county of the third class, [2% of the gross terminal

1 revenue or] \$10,000,000 annually[, whichever is greater,]
2 shall be distributed as follows: 80% to the host city
3 and 20% to the city of the third class located solely in
4 a nonhost county in which the host city of the third
5 class is also located. If a licensed facility is located
6 in a city of the third class and that city is located
7 solely in a host county of the third class in which a
8 nonhost city of the third class is also located, [2% of
9 gross terminal revenue or] \$10,000,000 annually[,
10 whichever is greater,] shall be distributed as follows:
11 80% to the host city and 20% to a city of the third class
12 located both in a nonhost county of the third class and
13 in a host county of the third class in which the host
14 city of the third class is located.

15 (iv) To a township of the first class hosting a
16 licensed facility, other than a Category 3 licensed
17 facility, [2% of the gross terminal revenue or]
18 \$10,000,000 annually[, whichever is greater,] shall be
19 paid by each licensed gaming entity operating a licensed
20 facility located in the township subject, however, to the
21 budgetary limitation in this subparagraph. The amount
22 allocated to the designated municipalities shall not
23 exceed 50% of their total budget for fiscal year 2003-
24 2004, adjusted for inflation in subsequent years by an
25 amount not to exceed an annual cost-of-living adjustment
26 calculated by applying the percentage change in the
27 Consumer Price Index immediately prior to the date the
28 adjustment is due to take effect. Any remaining money
29 shall be collected by the department from each licensed
30 gaming entity and distributed in accordance with

1 paragraph (2) based upon the classification of county
2 where the licensed facility is located. [In the event
3 that the revenues generated by the 2% do not meet the
4 \$10,000,000 minimum specified in this subparagraph, the]
5 The department shall collect the [remainder of the
6 minimum amount of] \$10,000,000 from each licensed gaming
7 entity operating a licensed facility in the township in
8 equal installments paid quarterly, pay any balance due to
9 the township and transfer any remainder in accordance
10 with paragraph (2).

11 (v) To a township of the second class hosting a
12 licensed facility:

13 (A) [2% of the gross terminal revenue or]
14 \$10,000,000 annually[, whichever is greater,] shall
15 be paid by each licensed gaming entity operating a
16 licensed facility, other than a Category 3 licensed
17 facility or a licensed facility owning land adjacent
18 to the licensed facility located in more than one
19 township of the second class, to the township of the
20 second class hosting the licensed facility, subject,
21 however, to the budgetary limitation in this
22 subparagraph. The amount allocated to the designated
23 municipalities shall not exceed 50% of their total
24 budget for fiscal year 2003-2004, adjusted for
25 inflation in subsequent years by an amount not to
26 exceed an annual cost-of-living adjustment calculated
27 by applying the percentage change in the Consumer
28 Price Index immediately prior to the date the
29 adjustment is due to take effect. Any remaining money
30 shall be collected by the department from each

1 licensed gaming entity and distributed in accordance
2 with paragraph (2) based upon the classification of
3 county where the licensed facility is located. [If
4 revenues generated by the 2% do not meet the
5 \$10,000,000 minimum specified in this subparagraph,
6 the] The department shall collect the [remainder of
7 the minimum amount of] \$10,000,000 from each licensed
8 gaming entity operating a licensed facility in the
9 township in equal installments paid quarterly, pay
10 any balance due to the township and transfer any
11 remainder in accordance with paragraph (2).

12 (B) [2% of the gross terminal revenue or]
13 \$10,000,000 annually[, whichever is greater,] less
14 the amount paid under clause (C), shall be paid by
15 each licensed gaming entity operating a licensed
16 facility and owning land adjacent to the licensed
17 facility located in more than one township of the
18 second class, other than a Category 3 licensed
19 facility, to the township of the second class hosting
20 the licensed facility, subject, however, to the
21 budgetary limitation in this subparagraph. The amount
22 allocated to the designated municipalities may not
23 exceed 50% of their total budget for the fiscal year
24 2003-2004, adjusted for inflation in subsequent years
25 by an amount not to exceed an annual cost-of-living
26 adjustment calculated by applying the percentage
27 change in the Consumer Price Index immediately prior
28 to the date the adjustment is due to take effect. Any
29 remaining money shall be collected by the department
30 from each licensed gaming entity and distributed in

1 accordance with paragraph (2) based upon the
2 classification of the county where the licensed
3 facility is located. The county commissioners of a
4 county of the third class in which the licensed
5 facility is located shall appoint an advisory
6 committee for the purpose of advising the county as
7 to the need for municipal grants for health, safety,
8 transportation and other projects in the public
9 interest to be comprised of two individuals from the
10 host municipality, two from contiguous municipalities
11 within the county of the third class and one from the
12 host county. [In the event that the revenues
13 generated by the 2% do not meet the \$10,000,000
14 minimum specified in this subparagraph, the] The
15 department shall collect the [remainder of the
16 minimum amount of] \$10,000,000 from each licensed
17 gaming entity operating a licensed facility in the
18 township in equal installments paid quarterly, pay
19 any balance due to the township and transfer any
20 remainder in accordance with paragraph (2).

21 (C) \$160,000 annually shall be paid by each
22 licensed gaming entity operating a licensed facility
23 and owning land adjacent to the licensed facility
24 located in more than one township of the second
25 class, other than a Category 3 licensed facility, to
26 the township of the second class that is located in a
27 county of the fifth class in which the adjacent land
28 is located, including racetracks, grazing fields or
29 any other adjoining real property.

30 (vi) To a borough hosting a licensed facility, other

1 than a Category 3 licensed facility, [2% of the gross
2 terminal revenue or] \$10,000,000 annually[, whichever is
3 greater,] shall be paid by each licensed gaming entity
4 operating a licensed facility located in that borough,
5 subject, however, to the budgetary limitation in this
6 subparagraph. The amount allocated to the designated
7 municipalities shall not exceed 50% of their total budget
8 for fiscal year 2003-2004, adjusted for inflation in
9 subsequent years by an amount not to exceed an annual
10 cost-of-living adjustment calculated by applying the
11 percentage change in the Consumer Price Index immediately
12 prior to the date the adjustment is due to take effect.
13 Any remaining money shall be collected by the department
14 from each licensed gaming entity and distributed in
15 accordance with paragraph (2) based upon the
16 classification of county where the licensed facility is
17 located. [In the event that the revenues generated by the
18 2% do not meet the \$10,000,000 minimum specified in this
19 subparagraph, the] The department shall collect the
20 [remainder of the minimum amount of] \$10,000,000 from
21 each licensed gaming entity operating a licensed facility
22 in the borough in equal installments paid quarterly, pay
23 any balance due to the borough and transfer any remainder
24 in accordance with paragraph (2).

25 (vii) To an incorporated town hosting a licensed
26 facility, other than a Category 3 licensed facility, [2%
27 of the gross terminal revenue or] \$10,000,000 annually[,
28 whichever is greater,] shall be paid by each licensed
29 entity operating a licensed facility located in the town,
30 subject, however, to the budgetary limitation in this

1 subparagraph. The amount allocated to the designated
2 municipalities shall not exceed 50% of their total budget
3 for fiscal year 2003-2004, adjusted for inflation in
4 subsequent years by an amount not to exceed an annual
5 cost-of-living adjustment calculated by applying the
6 percentage change in the Consumer Price Index immediately
7 prior to the date the adjustment is due to take effect.
8 Any remaining money shall be collected by the department
9 from each licensed gaming entity and distributed in
10 accordance with paragraph (2) based upon the
11 classification of county where the licensed facility is
12 located. [In the event that the revenues generated by the
13 2% do not meet the \$10,000,000 minimum specified in this
14 subparagraph, the] The department shall collect the
15 [remainder of the minimum amount of] \$10,000,000 from
16 each licensed gaming entity operating a licensed facility
17 in the incorporated town in equal installments paid
18 quarterly, pay any balance due to the town and transfer
19 any remainder in accordance with paragraph (2).

20 (viii) The following apply:

21 (A) Except as provided in clause (B) or (C), to
22 a municipality of any class hosting a Category 3
23 facility, 2% of the gross terminal revenue from the
24 Category 3 licensed facility located in the
25 municipality, subject, however, to the budgetary
26 limitation in this clause. The amount allocated to
27 the designated municipalities shall not exceed 50% of
28 their total budget for fiscal year 2009, adjusted for
29 inflation in subsequent years by an amount not to
30 exceed an annual cost-of-living adjustment calculated

1 by applying the percentage change in the Consumer
2 Price Index immediately prior to the date the
3 adjustment is due to take effect. Any remaining money
4 shall be collected by the department from each
5 licensed gaming entity and distributed in accordance
6 with paragraph (2) based upon the classification of
7 county where the licensed facility is located.

8 (B) If the municipality hosting a Category 3
9 licensed facility is a borough located in a county of
10 the third class and the borough is contiguous to a
11 city of the third class, 1% of gross terminal revenue
12 shall be distributed to the host borough and 1% of
13 gross terminal revenue shall be distributed to the
14 city of the third class that is contiguous to the
15 host borough, subject, however, to the budgetary
16 limitation in this clause. The amount allocated to
17 each designated municipality shall not exceed 50% of
18 its total budget for fiscal year 2009, adjusted for
19 inflation in subsequent years by an amount not to
20 exceed an annual cost-of-living adjustment calculated
21 by applying the percentage increase, if any, in the
22 Consumer Price Index immediately prior to the date
23 the adjustment is due to take effect. Any remaining
24 money shall be collected by the department from each
25 licensed gaming entity and distributed in accordance
26 with paragraph (2) based upon the classification of
27 county where the licensed facility is located.

28 (C) If the municipality hosting a Category 3
29 licensed facility is a township of the second class
30 in a county of the fifth class which is contiguous to

1 a county of the seventh class, 2% of the gross
2 terminal revenue from the Category 3 licensed
3 facility located in the municipality shall be
4 distributed to the municipality, subject, however, to
5 the budgetary limitation in this clause. The amount
6 allocated to the designated municipalities shall not
7 exceed the lesser of \$1,000,000 or 50% of their total
8 budget for fiscal year 2009, adjusted for inflation
9 in subsequent years by an amount not to exceed an
10 annual cost-of-living adjustment calculated by
11 applying the percentage change in the Consumer Price
12 Index immediately prior to the date the adjustment is
13 due to take effect. Any remaining money shall be
14 collected by the department from each licensed gaming
15 entity and distributed in equal amounts to each
16 municipality contiguous to the host municipality.
17 However, the amount to be allocated to any contiguous
18 municipality shall not exceed the lesser of
19 \$1,000,000 or 50% of the municipality's total budget
20 for fiscal year 2009, adjusted for inflation in
21 subsequent years by an amount not to exceed an annual
22 cost-of-living adjustment calculated by applying the
23 percentage change in the Consumer Price Index
24 immediately prior to the date the adjustment is due
25 to take effect. Any money remaining following
26 distribution to contiguous municipalities shall be
27 collected by the department and distributed in
28 accordance with paragraph (2) based upon the
29 classification of county where the licensed facility
30 is located.

1 (ix) Any municipality not specifically enumerated in
2 subparagraphs (i) through (viii), [2%] \$10,000,000
3 annually of the gross terminal revenue shall be paid to
4 the municipality hosting the licensed facility from each
5 such licensed facility.

6 (x) If the licensed facility is located in more than
7 one municipality, the amount available shall be
8 distributed on a pro rata basis determined by the
9 percentage of acreage located in each municipality to the
10 total acreage of all municipalities occupied by the
11 licensed facility.

12 (xi) If the licensed facility is located at a resort
13 which is also an incorporated municipality, such
14 municipality shall not be eligible to receive any
15 distribution under this paragraph. The distribution it
16 would have otherwise been entitled to under this
17 paragraph shall instead be distributed in accordance with
18 paragraph (2) based upon the county where the licensed
19 facility is located.

20 (xii) The distributions provided in this paragraph
21 shall be based upon municipal classifications in effect
22 on the effective date of this section. For the purposes
23 of this paragraph, any reclassification of municipalities
24 as a result of a Federal decennial census or of a State
25 statute shall not apply to this paragraph.

26 (xiii) If any provision of this paragraph is found
27 to be unenforceable for any reason, the distribution
28 provided for in such unenforceable provision shall be
29 made to the municipality in which the licensed facility
30 is located.

1 (xiv) Nothing in this paragraph shall prevent any of
2 the above municipalities from entering into
3 intergovernmental cooperative agreements with other
4 jurisdictions for sharing this money.

5 (xv) Notwithstanding any other law, agreement or
6 provision in this part to the contrary, all revenues
7 provided, directed or earmarked under this section to or
8 for the benefit of a city of the second class in which an
9 intergovernmental cooperation authority has been
10 established and is in existence pursuant to the act of
11 February 12, 2004 (P.L.73, No.11), known as the
12 Intergovernmental Cooperation Authority Act for Cities of
13 the Second Class, shall be directed to and under the
14 exclusive control of such intergovernmental cooperation
15 authority to be used:

16 (A) to reduce the debt of the second class city;

17 (B) to increase the level of funding of the
18 municipal pension funds of the second class city; or

19 (C) for any other purposes as determined to be
20 in the best interest of the second class city by such
21 intergovernmental cooperation authority. Such
22 revenues shall not be directed to or under the
23 control of such city of the second class or any
24 coordinator appointed pursuant to the act of July 10,
25 1987 (P.L.246, No.47), known as the Municipalities
26 Financial Recovery Act, for such city of the second
27 class.

28 * * *

29 Section 11. Title 4 is amended by adding a section to read:

30 § 1410. Gaming tax normalization.

1 (a) Requirement.--Notwithstanding any other provision of
2 law, from the effective date of this section, in the event that
3 any form of gaming is authorized in this Commonwealth, whether
4 in this part or any other law, which is subject to a tax rate
5 that is lower than the effective tax rate applicable to gross
6 terminal revenue or gross table game revenue under this part,
7 then the effective tax applicable to gross terminal revenue and
8 gross table game revenue, as applicable, shall be reduced
9 proportionately to equal a lower effective tax rate.

10 (b) Tax rates.--Prior to and on the effective date of this
11 subsection, the effective tax rate applicable to gross terminal
12 revenue is 59%, the effective tax rate applicable to gross table
13 game revenue from table games with a live dealer is 17.5% and
14 the effective tax rate applicable to gross table game revenue
15 from fully automated table games is 51.5%.

16 Section 12. Sections 1502 and 1518(a)(14) and (b)(1) and (2)
17 of Title 4 are amended to read:

18 § 1502. Liens and suits for taxes.

19 (a) Tax procedures.--The provisions of this part shall be
20 subject to the provisions of sections 242 and 243 of the act of
21 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
22 1971.

23 (b) Compromise and settlement.--Notwithstanding any other
24 provision of law, the Board of Appeals or the Board of Finance
25 and Revenue may issue an order reflecting a compromise which is
26 accepted by the department for a petition arising under this
27 part if the compromise meets the criteria under section 2707(b)
28 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
29 Reform Code of 1971.

30 § 1518. Prohibited acts; penalties.

1 (a) Criminal offenses.--

2 * * *

3 (14) [(Reserved).] It shall be unlawful for a person
4 other than a slot machine licensee to place or offer for play
5 a hybrid or skill-based device in any other facility, place
6 of business or other location.

7 * * *

8 (b) Criminal penalties and fines.--

9 (1) The following apply:

10 (i) A person that commits a first offense in
11 violation of 18 Pa.C.S. § 4902, 4903 or 4904 in
12 connection with providing information or making any
13 statement, whether written or oral, to the board, the
14 bureau, the department, the Pennsylvania State Police,
15 the Office of Attorney General or a district attorney as
16 required by this part commits an offense to be graded in
17 accordance with the applicable section violated. A person
18 that is convicted of a second or subsequent violation of
19 18 Pa.C.S. § 4902, 4903 or 4904 in connection with
20 providing information or making any statement, whether
21 written or oral, to the board, the bureau, the
22 department, the Pennsylvania State Police, the Office of
23 Attorney General or a district attorney as required by
24 this part commits a felony of the second degree.

25 (ii) A person that violates subsection (a) (2)
26 through (12), (14) or (17) commits a misdemeanor of the
27 first degree. A person that is convicted of a second or
28 subsequent violation of subsection (a) (2) through (12),
29 (14) or (17) commits a felony of the second degree.

30 (iii) In addition to violations under this part, a

1 person that violates subsection (a)(14) commits a
2 violation of 18 Pa.C.S. § 5513(b) (relating to gambling
3 devices, gambling, etc.).

4 (iv) A person that violates subsection (a)(14) for a
5 second or subsequent time shall have the person's liquor
6 license suspended for a minimum of 60 days.

7 (2) The following apply:

8 (i) For a first violation of subsection (a)(1)
9 through (12) or (17), a person shall be sentenced to pay
10 a fine of:

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

13 (B) not less than \$300,000 nor more than
14 \$600,000 if the person is a licensed gaming entity;
15 or

16 (C) not less than \$150,000 nor more than
17 \$300,000 if the person is a licensed manufacturer or
18 supplier.

19 (i.1) For a violation of subsection (a)(14), a
20 person shall be sentenced to pay a fine of:

21 (A) not less than \$10,000 nor more than \$25,000
22 if the person is an individual; or

23 (B) not less than \$75,000 nor more than \$100,000
24 if the person is not an individual.

25 (ii) For a second or subsequent violation of
26 subsection (a)(1) through (12) or (17), a person shall be
27 sentenced to pay a fine of:

28 (A) not less than \$150,000 nor more than
29 \$300,000 if the person is an individual;

30 (B) not less than \$600,000 nor more than

1 \$1,200,000 if the person is a licensed gaming entity;
2 or
3 (C) not less than \$300,000 nor more than
4 \$600,000 if the person is a licensed manufacturer or
5 supplier.

6 * * *

7 Section 13. Title 4 is amended by adding a section to read:
8 § 1521.1. Casino liquor license.

9 (a) Conversion.--

10 (1) This subsection applies to all of the following:

11 (i) A slot machine licensee that sells liquor or
12 malt or brewed beverages under section 1521(b) or (c)
13 (relating to liquor licenses at licensed facilities).

14 (ii) A licensee that:

15 (A) holds a restaurant license or an eating
16 place retail dispenser license issued by the
17 Pennsylvania Liquor Control Board; and

18 (B) sells liquor or malt or brewed beverages
19 within or adjacent to the licensed facility.

20 (2) Notwithstanding any other provision of law, a
21 licensee identified in paragraph (1) may convert the license
22 to a casino liquor license upon payment of the fees specified
23 under subsection (b).

24 (b) Fees.--In order to obtain a casino liquor license, the
25 following fees apply:

26 (1) A slot machine licensee must pay an initial license
27 conversion fee of \$1,000,000 for a casino liquor license.

28 (2) A restaurant or eating place retail dispenser
29 licensee that does not hold a slot machine license but
30 operates within or adjacent to a licensed facility must pay

1 an initial fee of \$10,000.

2 (c) Renewal.--

3 (1) For the first five years after the initial
4 conversion of the casino liquor license to a slot machine
5 licensee, the following apply:

6 (i) The casino liquor license shall not be subject
7 to a renewal fee.

8 (ii) The casino liquor license held by the slot
9 machine licensee shall automatically renew, without
10 action of the Pennsylvania Liquor Control Board.

11 (2) After the first five annual renewals, the following
12 apply:

13 (i) A casino liquor license held by a slot machine
14 licensee shall be subject to an annual renewal fee of
15 \$50,000.

16 (ii) Upon payment of the annual renewal fee, the
17 casino liquor license shall be deemed renewed without
18 further action of the Pennsylvania Liquor Control Board.
19 If the annual renewal fee is not timely paid, the casino
20 liquor license shall be suspended until the annual
21 renewal fee is paid.

22 (3) A casino liquor license held by a person that is not
23 a slot machine licensee shall be subject to an annual renewal
24 fee of \$1,000. Upon payment of the annual renewal fee, the
25 casino liquor license shall be deemed renewed without further
26 action of the Pennsylvania Liquor Control Board. If the
27 annual renewal fee is not timely paid, the casino liquor
28 license shall be suspended until the annual renewal fee is
29 paid.

30 (4) All fees collected or received under this subsection

1 shall be paid into the State Treasury through the Department
2 of Revenue for deposit into the General Fund.

3 (d) Disposition.--The following shall apply to disposition
4 of restaurant liquor or eating place retail dispenser licenses:

5 (1) An applicant under this section that currently holds
6 a restaurant liquor or eating place retail dispenser license
7 may continue to utilize the license until the casino liquor
8 license is issued by the Pennsylvania Liquor Control Board.
9 Upon issuance of a casino liquor license, except as set forth
10 in paragraph (2), the applicant shall surrender the
11 restaurant liquor license or eating place retail dispenser
12 license to the Pennsylvania Liquor Control Board.

13 (2) An applicant under this section that currently holds
14 a restaurant liquor or eating place retail dispenser license
15 which is subject to the quota restrictions under section
16 461(a) of the act of April 12, 1951 (P.L.90, No.21), known as
17 the Liquor Code, may continue to utilize that license until
18 the casino liquor license is issued by the Pennsylvania
19 Liquor Control Board. Notwithstanding paragraph (1), upon
20 issuance of a casino liquor license, the applicant may sell
21 the restaurant liquor or eating place retail dispenser
22 license.

23 (e) Hours.--Notwithstanding any other provision of law, a
24 holder of a casino liquor license may sell or serve liquor or
25 malt or brewed beverages 24 hours a day, seven days a week.

26 (f) Nontransferable.--A casino liquor license shall be
27 nontransferable. Nothing in this subsection shall preclude a
28 transfer of ownership of a casino liquor license to another
29 eligible person to be used at the same location.

30 (g) Actions against license.--Notwithstanding any other

1 provision of law, a casino liquor license may not be suspended
2 or revoked unless the action is approved by the board and the
3 Pennsylvania Liquor Control Board:

4 (1) after notice and hearing before the board and the
5 Pennsylvania Liquor Control Board; and

6 (2) upon a finding by the board and the Pennsylvania
7 Liquor Control Board that the licensee's conduct was
8 intentional and egregious.

9 (h) Issuance.--The Pennsylvania Liquor Control Board shall
10 issue a casino liquor license consistent with subsection (a) to
11 a new applicant even if the previous license had:

12 (1) been suspended or revoked consistent with this
13 section;

14 (2) not been renewed by the licensee; or

15 (3) expired at the request of the licensee.

16 (i) Additional requirements.--In addition to other
17 restrictions and privileges, a casino liquor license shall be
18 subject to the following:

19 (1) Sales may be made at any time the facility is open
20 to the public.

21 (2) For a casino liquor license held by a slot machine
22 licensee, liquor or malt or brewed beverages may be sold,
23 furnished or given for consumption or transported at a
24 licensed facility, on the licensed premises and anywhere on
25 the property of the slot machine licensee if the liquor or
26 malt or brewed beverage remains within the property of the
27 slot machine licensee.

28 (3) Sales of liquor or malt or brewed beverages for
29 consumption off the property of the slot machine licensee are
30 prohibited.

1 (4) In addition to the ability to give liquor or malt or
2 brewed beverages under section 13A29.1 (relating to
3 application of Liquor Code) and section 493(24)(ii) of the
4 Liquor Code, the holder of a casino liquor license, who is
5 also a slot machine licensee, may give liquor or malt or
6 brewed beverages free of charge to:

7 (i) a person attending an invitation-only event held
8 anywhere on the property of the slot machine licensee;
9 and

10 (ii) a person engaged in gaming play authorized by
11 this part.

12 (j) Exemption.--Licenses issued under this section may not
13 be subject to:

14 (1) Sections 402 and 404 of the Liquor Code.

15 (2) The restrictions on discount pricing practices under
16 sections 406(g) and 442(g) of the Liquor Code.

17 (3) Section 461 of the Liquor Code.

18 (4) Section 470 of the Liquor Code.

19 (5) Section 493(10) of the Liquor Code, except as
20 section 493(10) relates to lewd, immoral or improper
21 entertainment.

22 (6) The prohibition against minors frequenting described
23 under section 493(14) of the Liquor Code.

24 (7) Section 493(16) of the Liquor Code.

25 (8) The cost and total display area limitations of
26 section 493(20)(i) of the Liquor Code.

27 (9) The restrictions on events, tournaments or contests
28 in 40 Pa. Code § 5.32 (relating to restrictions/exceptions)
29 or a successor regulation.

30 (10) The restrictions on the awarding of trophies,

1 prizes or premiums under 40 Pa. Code § 5.32 or a successor
2 regulation.

3 (k) Multiple licenses.--

4 (1) Except as provided under paragraph (2), more than
5 one casino liquor license issued by the board may be in
6 effect at a licensed facility and the licensed entity's
7 Category 4 permitted facilities at any one time.

8 (2) No more than one casino liquor license shall be in
9 effect at a specific location within the premises of a
10 licensed facility at the same time.

11 Section 14. Section 1901.1 of Title 4 is amended to read:

12 § 1901.1. Repayments to State Gaming Fund.

13 (a) Assessment deferral.--The board shall defer assessing
14 slot machine licensees for payments to the State Gaming Fund for
15 any loans made to the State Gaming Fund until such time as all
16 slot machine licenses have been issued and all licensed gaming
17 entities have commenced the operation of slot machines. The
18 board shall adopt a repayment schedule that assesses to each
19 slot machine licensee costs for the repayment of any such loans
20 in an amount that is proportional to each slot machine
21 licensee's gross terminal revenue.

22 (b) Accelerated repayment.--Notwithstanding subsection (a),
23 the board shall certify to each slot machine licensee the
24 balance owed on loans made to the State Gaming Fund within 60
25 days of the effective date of this subsection. The board shall
26 calculate the balances consistent with the board's
27 Administrative Order on loan repayment schedules issued July 11,
28 2011. Each slot machine licensee shall remit the amount
29 necessary to pay the slot machine licensee's respective loan
30 balance within 60 days of receipt of the payoff notice from the

1 board. Subsequent to remittance of the payoff amount, a slot
2 machine licensee may contest the board's proper calculation of
3 the slot machine licensee's balance under the Administrative
4 Order by filing a petition with the board.

5 (c) Moratorium.--Upon payment of the accelerated loan
6 balances under subsection (b), the General Assembly may not
7 enact legislation authorizing the placement or operation of
8 video gaming terminals in this Commonwealth for a period of 10
9 years from the effective date of this subsection.

10 (d) Return of loan payments.--If video gaming terminals are
11 authorized in this Commonwealth within 10 years of the effective
12 date of this subsection, each slot machine licensee shall be
13 refunded its accelerated loan balance repayment. The
14 Commonwealth, through the department, shall enter into a
15 contract with each slot machine licensee explicitly setting
16 forth the terms of subsection (c) and this subsection.

17 Section 15. Title 4 is amended by adding a part to read:

18 PART III

19 KENO

20 Chapter

21 51. General Provisions

22 52. Authorization of Lottery Game

23 53. Operation

24 54. Revenue

25 CHAPTER 51

26 GENERAL PROVISIONS

27 Sec.

28 5101. Scope of part.

29 5102. Definitions.

30 § 5101. Scope of part.

1 This part applies to various types of gambling which
2 generates significant revenue for the Commonwealth. The
3 inclusions of games the operation of which directly impact the
4 operation of other types of gaming in the Commonwealth makes the
5 inclusion of lotteries with other forms of gaming an effective
6 way to observe the interaction of all types of gambling.
7 § 5102. Definitions.

8 Subject to additional definitions contained in subsequent
9 provisions of this part which are applicable to specific
10 provisions of this part, the following words and phrases when
11 used in this part shall have the meanings given to them in this
12 section unless the context clearly indicates otherwise:

13 "Authorized establishment." A licensed establishment or a
14 licensed lottery sales agent's place of business authorized
15 under this chapter to operate keno.

16 "Department." The Department of Revenue of the Commonwealth.

17 "Division." The Division of the State Lottery.

18 "Licensed establishment." A restaurant, bar, tavern, hotel,
19 golf course or club which has a valid liquor or malt or brewed
20 beverage license under Article IV of the act of April 12, 1951
21 (P.L.90, No.21), known as the Liquor Code.

22 CHAPTER 52

23 AUTHORIZATION OF LOTTERY GAME

24 Sec.

25 5201. Authorization.

26 § 5201. Authorization.

27 (a) Authorization.--The game of keno is authorized to be
28 operated in this Commonwealth.

29 (b) Lottery Law.--The game and its implementation shall be
30 conducted consistent with the act of August 26, 1971 (P.L.351,

1 No.91), known as the State Lottery Law.

2 CHAPTER 53

3 OPERATION

4 Sec.

5 5301. Operation.

6 § 5301. Operation.

7 (a) Oversight.--The department shall implement and operate
8 keno in accordance with this chapter and the act of August 26,
9 1971 (P.L.351, No.91), known as the State Lottery Law.

10 (b) Requirements.--Keno shall be conducted in accordance
11 with the following:

12 (1) A keno game may not be interactive.

13 (2) The frequency of a keno game may not exceed 15
14 drawings per hour.

15 (3) No more than 3 video display monitors showing a
16 single keno game are permitted in an authorized
17 establishment.

18 (4) Each keno game shall be connected to the division's
19 central control computer.

20 (5) Each keno game may only be installed in an
21 authorized establishment. A list of authorized establishments
22 and sites shall be published annually in the Pennsylvania
23 Bulletin.

24 (6) The department and the division shall mutually agree
25 upon the number of authorized establishments where keno games
26 will be initially installed. The number may not exceed 4,000
27 authorized establishments.

28 (c) Regulations.--The department may promulgate regulations
29 to implement this part to do all of the following:

30 (1) Determine whether retailer and vendor commissions

1 which apply to a lottery game apply to keno.

2 (2) Provide for commissions for sales by an authorized
3 establishment at a higher percentage than permitted for a
4 lottery sales agent. A percentage under this paragraph may
5 not exceed 15%.

6 CHAPTER 54

7 REVENUE

8 Sec.

9 5401. Deposits and distributions.

10 § 5401. Deposits and distributions.

11 (a) Deposits.--Revenue generated by the operation of keno
12 games under this part shall be deposited into the State Lottery
13 Fund.

14 (b) Distributions.--Prizes shall be distributed in
15 accordance with the act of August 26, 1971 (P.L.351, No.91),
16 known as the State Lottery Law.

17 Section 16. Repeals are as follows:

18 (1) The General Assembly declares that the repeal in
19 paragraph (2) is necessary to implement the addition of 4
20 Pa.C.S. § 1521.1.

21 (2) Section 416 of the act of April 12, 1951 (P.L.90,
22 No.21), known as the Liquor Code, is repealed.

23 (3) The General Assembly declares that the repeal in
24 paragraph (4) is necessary to implement the addition of 4
25 Pa.C.S. § 1502(b).

26 (4) Section 2707(c)(5) of the act of March 4, 1971
27 (P.L.6, No.2), known as the Tax Reform Code of 1971, is
28 repealed.

29 Section 17. This act shall take effect in 60 days.