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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2478 Session of  
2018

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INTRODUCED BY BARRAR, SAINATO, P. COSTA, DeLUCA, HILL-EVANS,  
MILLARD, B. O'NEILL, PETRARCA, SANKEY, STURLA AND THOMAS,  
JUNE 11, 2018

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REFERRED TO COMMITTEE ON GAMING OVERSIGHT, JUNE 11, 2018

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AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated  
2 Statutes, in general provisions, further providing for  
3 definitions; in administration, further providing for records  
4 and confidentiality of information; in application and  
5 licensure, further providing for establishment licenses, for  
6 license or permit prohibition, for issuance and renewal and  
7 for conditional licenses; in operation, further providing for  
8 video gaming limitations, providing for hours of operation  
9 and further providing for terminal placement agreements; in  
10 enforcement, further providing for investigations and  
11 enforcement; and, in revenues, further providing for taxes  
12 and assessments, for distribution of local share, for  
13 regulatory assessments and for transfers from Video Gaming  
14 Fund and establishing the Fire and Emergency Services Grant  
15 Fund, the Veterans' Service Officer Grant Fund and the  
16 Veterans' Assistance Fund.

17 The General Assembly of the Commonwealth of Pennsylvania  
18 hereby enacts as follows:

19 Section 1. The definitions of "establishment license,"  
20 "establishment licensee," "inducement" and "licensee" in section  
21 3102 of Title 4 of the Pennsylvania Consolidated Statutes, added  
22 October 30, 2017 (P.L.419, No.42), are amended and the section  
23 is amended by adding definitions to read:  
24 § 3102. Definitions.

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

4 \* \* \*

5 "Club establishment." A person that operates under a valid  
6 club liquor license.

7 "Club liquor license." Any of the following licenses issued  
8 by the Pennsylvania Liquor Control Board under Article IV of the  
9 act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code:

10 (1) Catering club.

11 (2) Club liquor.

12 (3) Club retail dispenser.

13 \* \* \*

14 "Establishment." A club establishment or truck stop  
15 establishment.

16 "Establishment license." A license issued by the board  
17 authorizing [a truck stop] an establishment to permit a terminal  
18 operator licensee to place and operate video gaming terminals on  
19 the [truck stop] establishment's premises under this part and  
20 the rules and regulations promulgated under this part.

21 "Establishment licensee." [A truck stop] An establishment  
22 that holds an establishment license.

23 \* \* \*

24 "Inducement."

25 (1) Any of the following:

26 (i) Consideration paid directly or indirectly, from  
27 a manufacturer, supplier, terminal operator, procurement  
28 agent, gaming employee, employee or another person on  
29 behalf of an applicant or anyone licensed under this  
30 part, to [a truck stop] an establishment, establishment

1 licensee, establishment licensee owner or an employee of  
2 the establishment licensee, directly or indirectly as an  
3 enticement to solicit or maintain the establishment  
4 licensee or establishment licensee owner's business.

5 (ii) Cash, incentive, marketing and advertising  
6 cost, gift, food, beverage, loan, prepayment of gross  
7 terminal revenue and other contribution or payment that  
8 offsets an establishment licensee's operational costs, or  
9 as otherwise determined by the board.

10 (2) The term shall not include costs paid by a terminal  
11 operator applicant or terminal operator licensee related to  
12 [making video gaming terminals operate at the premises of an  
13 establishment licensee, including wiring and rewiring,  
14 software updates, ongoing video gaming terminal maintenance,  
15 redemption terminals, network connections, site controllers  
16 and costs associated with communicating with the central  
17 control computer system.]:

18 (i) Structural changes necessary to segregate the  
19 video gaming area or maintain the security of video  
20 gaming terminals and redemption terminals as required by  
21 the board that do not exceed \$2,500, provided, however,  
22 that any changes in excess of \$2,500 may be shared  
23 equally between the terminal applicant or terminal  
24 operator licensee and the establishment applicant or  
25 establishment licensee.

26 (ii) Surveillance technology to monitor only the  
27 video gaming area.

28 (iii) Operation of video gaming terminals at a  
29 licensed establishment, including wiring and rewiring,  
30 software updates, ongoing video gaming terminal

1 maintenance, redemption terminals, network connections,  
2 site controllers and costs associated with communicating  
3 with the central control computer system.

4 (iv) Installation of security and alarm system at  
5 the premises of an establishment licensee that are  
6 reasonably necessary to protect video gaming terminals  
7 and redemption terminals outside normal business hours,  
8 provided that the cost does not exceed \$1,000.

9 (v) A requirement established by the board regarding  
10 a minimum standard for a video gaming area.

11 (vi) A cosmetic renovation or improvement within a  
12 video gaming area that is reasonably necessary, as  
13 determined by the board.

14 (vii) A fee established by the board to cover costs  
15 associated with the mandatory employee training program  
16 established under section 3706 (relating to compulsive  
17 and problem gambling).

18 \* \* \*

19 "Licensee." A person [listed] licensed under this part.

20 \* \* \*

21 Section 2. Section 3305(d) of Title 4, added October 30,  
22 2017 (P.L.419, No.42), is amended to read:

23 § 3305. Records and confidentiality of information.

24 \* \* \*

25 (d) Information held by other agencies.--Files, records,  
26 reports and other information in the possession of the  
27 department or the Pennsylvania Liquor Control Board pertaining  
28 to an applicant, licensee or permittee shall be made available  
29 to the board as may be necessary to the effective administration  
30 of this part.

1 Section 3. Section 3514(a) introductory paragraph and (f) of  
2 Title 4, added October 30, 2017 (P.L.419, No.42), are amended  
3 and subsection (a) is amended by adding a paragraph to read:

4 § 3514. Establishment licenses.

5 (a) General requirements.--[A truck stop] An establishment  
6 that submits an application for an establishment license shall  
7 include at a minimum:

8 \* \* \*

9 (4.1) If the applicant is a club establishment:

10 (i) documentation showing the liquor license of the  
11 club establishment is valid and in good standing with the  
12 Pennsylvania Liquor Control Board; and

13 (ii) disclosure of conditional license agreements  
14 entered into under the act of April 12, 1951 (P.L.90,  
15 No.21), known as the Liquor Code.

16 \* \* \*

17 (f) Requirement.--In order to be eligible for an  
18 establishment license, [a truck stop] an establishment must be  
19 licensed as a lottery sales agent under section 305 of the act  
20 of August 26, 1971 (P.L.351, No.91), known as the State Lottery  
21 Law, and licensed to take any actions authorized by the  
22 designation.

23 Section 4. Section 3515(2) of Title 4 is amended by adding  
24 subparagraphs to read:

25 § 3515. License or permit prohibition.

26 The following apply:

27 \* \* \*

28 (2) In addition to the prohibition under paragraph (1),  
29 the board shall be prohibited from granting the following:

30 \* \* \*

1           (iv) An establishment license to an applicant that  
2           is a club establishment whose club liquor license is not  
3           in good standing with the Pennsylvania Liquor Control  
4           Board.

5           (v) An establishment license to an applicant that is  
6           a club establishment which has been declared a nuisance  
7           under section 611 of the act of April 12, 1951 (P.L.90,  
8           No.21), known as the Liquor Code, or has been declared a  
9           nuisance within the past three years.

10           (vi) An establishment license to an applicant that  
11           is a club establishment with a conditional license  
12           agreement entered into under the Liquor Code unless the  
13           agreement has been amended to allow for video gaming.

14           (vii) An establishment license to an applicant that  
15           is a club establishment whose club liquor license has  
16           been suspended, unless three years have elapsed from the  
17           date of suspension.

18           \* \* \*

19           Section 5. Section 3516(a)(1) of Title 4, added October 30,  
20           2017 (P.L.419, No.42), is amended to read:

21           § 3516. Issuance and renewal.

22           (a) Issuance.--

23           (1) In addition to any other criteria provided under  
24           this part, any terminal operator, [truck stop] establishment,  
25           supplier, manufacturer, gaming employee, key employee,  
26           principal or other person that the board approves as  
27           qualified to receive a license, permit or other authorization  
28           under this part shall be issued a license or permit upon the  
29           payment of a fee required in section 4101 (relating to fees)  
30           and upon the fulfillment of conditions required by the board

1 or provided for in this part.

2 \* \* \*

3 Section 6. Section 3520(a)(2) of Title 4 is amended by  
4 adding subparagraphs to read:

5 § 3520. Conditional licenses.

6 (a) Conditional establishment licenses.--

7 \* \* \*

8 (2) The board shall issue a conditional license to an  
9 applicant for an establishment license if the applicant  
10 satisfies, as determined by the board, all of the following  
11 criteria:

12 \* \* \*

13 (v) For a club establishment applicant, the  
14 applicant held a valid club liquor license on the date of  
15 application and the license is in good standing.

16 (vi) For a club establishment applicant, the club  
17 liquor licensee has been declared a nuisance under  
18 section 611 of the act of April 12, 1951 (P.L.90, No.21),  
19 known as the Liquor Code, within the past three years.

20 (vii) For a club establishment applicant, the  
21 applicant has a conditional license agreement entered  
22 into under the Liquor Code unless the agreement has been  
23 amended to allow for video gaming.

24 (viii) For a club establishment applicant, the  
25 applicant's club liquor license has been suspended,  
26 unless three years have elapsed from the date of  
27 suspension.

28 \* \* \*

29 Section 7. Section 3702(b)(6) and (7) of Title 4, added  
30 October 30, 2017 (P.L.419, No.42), are amended to read:

1 § 3702. Video gaming limitations.

2 \* \* \*

3 (b) Terminal operator licensee limitations.--A terminal  
4 operator licensee may place and operate video gaming terminals  
5 on the premises of an establishment licensee, subject to the  
6 following:

7 \* \* \*

8 (6) No terminal operator licensee may give or offer to  
9 give, directly or indirectly, any type of inducement to [a  
10 truck stop] an establishment to secure or maintain a terminal  
11 placement agreement.

12 (7) No terminal operator licensee may give an  
13 establishment licensee a percentage of gross terminal revenue  
14 other than [15%] 30% of the gross terminal revenue of the  
15 video gaming terminals operating in the establishment  
16 licensee's premises.

17 \* \* \*

18 Section 8. Title 4 is amended by adding a section to read:

19 § 3703.1. Hours of operation.

20 (a) Club establishments.--An establishment licensee that is  
21 also a club establishment may only permit the play of a video  
22 gaming terminal during the hours that the club establishment is  
23 authorized by the Pennsylvania Liquor Control Board to sell  
24 alcoholic beverages.

25 (b) Truck stop establishments.--An establishment licensee  
26 that is also a truck stop establishment may permit play of a  
27 video gaming terminal during normal business hours.

28 Section 9. Section 3704(d) of Title 4, added October 30,  
29 2017 (P.L.419, No.42), is amended and the section is amended by  
30 adding a subsection to read:

1 § 3704. Terminal placement agreements.

2 \* \* \*

3 (d) Provisions required.--A terminal placement agreement  
4 shall include a provision that:

5 (1) Renders the agreement invalid if either the terminal  
6 operator license or terminal operator application or the  
7 establishment license or establishment licensee application  
8 is denied, revoked, not renewed, withdrawn or surrendered.

9 (2) Provides the establishment licensee no more or less  
10 than [15%] 30% of gross terminal revenue from each video  
11 gaming terminal located on the premises of the establishment  
12 licensee.

13 (3) Identifies who solicited the terminal placement  
14 agreement on behalf of a terminal operator licensee or  
15 applicant.

16 \* \* \*

17 (f.1) Additional void agreements.--An agreement entered into  
18 by a club establishment prior to the effective date of this  
19 section with a person for the placement, operation, service or  
20 maintenance of a video gaming terminal, including an agreement  
21 granting a person the right to enter into an agreement or match  
22 an offer made after the effective date of this section shall be  
23 void and may not be approved by the board.

24 \* \* \*

25 Section 10. Section 3904(d) of Title 4 is amended by adding  
26 a paragraph and the section is amended by adding a subsection to  
27 read:

28 § 3904. Investigations and enforcement.

29 \* \* \*

30 (d) Powers and duties of the Pennsylvania State Police.--The

1 Pennsylvania State Police shall have the following powers and  
2 duties:

3 \* \* \*

4 (14) Require the Bureau of Liquor Control Enforcement to  
5 report to the bureau violations of this part that are found  
6 during the normal course of duties required under the laws of  
7 this Commonwealth.

8 \* \* \*

9 (j) Pennsylvania Liquor Control Board.--Nothing in this part  
10 shall be construed as conferring on the Pennsylvania Liquor  
11 Control Board the authority to assess penalties under the act of  
12 April 12, 1951 (P.L.90, No.21), known as the Liquor Code,  
13 against a club establishment that holds an establishment license  
14 for violations of this part that are not a criminal offense.

15 Section 11. Sections 4102(b), 4103, 4104(b) and (d) and 4105  
16 of Title 4, added October 30, 2017 (P.L.419, No.42), are amended  
17 to read:

18 § 4102. Taxes and assessments.

19 \* \* \*

20 (b) Video gaming terminal tax and assessments.--

21 (1) The department shall determine and each terminal  
22 operator licensee shall pay on a bimonthly basis:

23 (i) A tax of [42%] 34% of its gross terminal revenue  
24 from all video gaming terminals operated by the terminal  
25 operator licensee within this Commonwealth.

26 (ii) A [10%] 4% local share assessment from its  
27 gross terminal revenue.

28 (iii) A regulatory assessment established in section  
29 4104 (relating to regulatory assessments) from the  
30 terminal operator licensee's weekly gross terminal

1 revenue.

2 (2) All money owed under this section shall be held in  
3 trust by the terminal operator licensee until the money is  
4 paid or transferred to the Video Gaming Fund.

5 (3) Unless otherwise agreed to by the board, a terminal  
6 operator licensee shall establish a separate bank account to  
7 maintain gross terminal revenue until such time as the money  
8 is paid or transferred under this section.

9 \* \* \*

10 § 4103. Distribution of local share.

11 [(a) Distribution.--

12 (1) (Reserved).

13 (2) The department shall on a quarterly basis deposit  
14 the local share assessment imposed under section 4102(b)(1)  
15 (ii) (relating to taxes and assessments) into a restricted  
16 receipts account to be established in the Commonwealth  
17 Financing Authority to be used exclusively for grants for  
18 projects in the public interest within the Commonwealth.]

19 (a.1) Distribution.--

20 (1) Subject to the limitation under subsection (c), the  
21 department shall distribute, in a manner and according to a  
22 schedule adopted by the department, to each municipality 2%  
23 of the gross terminal revenue of each video gaming terminal  
24 operating within the municipality.

25 (2) The department shall deposit 2% of the gross  
26 terminal revenue of each video gaming terminal operating  
27 within the county into a restricted receipts account on a  
28 quarterly basis.

29 (3) A restricted account shall be established in the  
30 Commonwealth Financing Authority to be used exclusively for

1 grants for projects in the public interest in the host  
2 county.

3 (b) Duty of terminal operator.--A terminal operator licensee  
4 shall continuously provide the department with records,  
5 documents or other information necessary to effectuate the  
6 requirements of subsection [(a)] (a.1).

7 (c) Limitation.--The department may not distribute a local  
8 share amount to a municipality in excess of 50% of the total  
9 budget of the municipality for fiscal year 2018. The local share  
10 amount shall be adjusted for inflation in subsequent fiscal  
11 years by an amount not to exceed an annual cost-of-living  
12 adjustment calculated by applying an upward percentage change in  
13 the consumer price index immediately prior to the date the  
14 adjustment is due to take effect.

15 (d) Transfers.--Local share amounts not distributed by the  
16 department to a municipality under subsection (c) shall be  
17 distributed to the host county in accordance with subsection  
18 (a.1) (2).

19 (e) Reporting.--

20 (1) In cooperation with the department and the  
21 Commonwealth Financing Authority, the Department of Community  
22 and Economic Development shall submit an annual report by  
23 August 31, 2019, and by August 31 of each year thereafter, on  
24 all distributions of local share assessments to  
25 municipalities and counties under this section to the  
26 chairperson and minority chairperson of:

27 (i) The Appropriations Committee of the Senate.

28 (ii) The Appropriations Committee of the House of  
29 Representatives.

30 (iii) The Community, Economic and Recreational

1 Development Committee of the Senate.

2 (iv) The Gaming Oversight Committee of the House of  
3 Representatives.

4 (2) A municipality or county that receives a  
5 distribution of local share assessments under this section  
6 shall submit information to the Department of Community and  
7 Economic Development on a form prepared by the Department of  
8 Community and Economic Development that states the amount and  
9 use of the money received under this section in the prior  
10 fiscal year. The form shall specify whether the money  
11 received was deposited in the general fund of the  
12 municipality or county or committed to a specific project or  
13 use.

14 (f) Definitions.--As used in this section, the following  
15 words and phrases shall have the meanings given to them in this  
16 subsection unless the context clearly indicates otherwise:

17 "Consumer price index." The Consumer Price Index for All  
18 Urban Consumers for the Pennsylvania, New jersey, Delaware and  
19 Maryland area for the most recent 12-month period for which  
20 figures have been officially reported by the United States  
21 Department of Labor, Bureau of Labor Statistics.

22 "Municipality." The term shall not include county.

23 § 4104. Regulatory assessments.

24 \* \* \*

25 (b) Bi-monthly deposits.--

26 (1) The department shall determine the appropriate  
27 assessment amount for each terminal operator licensee, which  
28 shall be a percentage assessed on the terminal operator  
29 licensee's bi-monthly gross terminal revenue, provided that  
30 the percentage assessed shall not exceed 2%.

1           (2) The percentage assessed shall not exceed an amount  
2 equal to the costs or expenses incurred by the board, the  
3 department, the Pennsylvania State Police or the Office of  
4 Attorney General in carrying out their powers and duties  
5 under this part based upon a budget submitted by the  
6 department under subsection (c).

7 \* \* \*

8 (d) Appropriation.--

9           (1) Costs and expenses may be paid from the accounts  
10 established under subsection (a) only upon appropriation by  
11 the General Assembly.

12           (2) If the total costs or expenses incurred by the  
13 board, the department, the Pennsylvania State Police or the  
14 Office of Attorney General exceed the amounts available in  
15 the accounts established under subsection (a), the General  
16 Assembly [may] shall appropriate additional amounts to the  
17 board, the department, the Pennsylvania State Police or the  
18 Office of Attorney General from the Video Gaming Fund.

19 § 4105. Transfers from Video Gaming Fund.

20           (a) Transfer for compulsive and problem gambling  
21 treatment.--On June 30, [2018] 2019, and on the last day of each  
22 fiscal year thereafter, the State Treasurer shall transfer from  
23 the Video Gaming Fund an amount equal to 0.002 multiplied by the  
24 total gross terminal revenue of all terminal operator licensees  
25 to the Compulsive and Problem Gambling Treatment Fund  
26 established in section 1509 (relating to compulsive and problem  
27 gambling program).

28           (a.1) Transfer to Fire and Emergency Services Grant Fund.--  
29 On June 30, 2019, and on the last day of each fiscal year  
30 thereafter, the State Treasurer shall transfer from the Video

1 Gaming Fund an amount equal to \$30,000,000 to the Fire and  
2 Emergency Services Grant Fund an established in section 4106  
3 (relating to Fire and Emergency Services Grant Fund).

4 (a.2) Transfer to Veterans' Service Officer Grant Fund.--On  
5 June 30, 2019, and on the last day of each fiscal year  
6 thereafter, the State Treasurer shall transfer from the Video  
7 Gaming Fund an amount equal to \$3,000,000 to the Veterans'  
8 Service Officer Grant Fund established in section 4107 (relating  
9 to Veterans' Service Officer Grant Fund).

10 (a.3) Transfer to the Veterans' Assistance Fund.--On June  
11 30, 2019, and on the last day of each fiscal year thereafter,  
12 the State Treasurer shall transfer from the Video Gaming Fund an  
13 amount equal to \$1,000,000 to the Veterans' Assistance Fund  
14 established in section 4108 (relating to Veterans' Assistance  
15 Fund).

16 (b) General Fund transfer.--On June 30, [2018] 2019, and on  
17 the last day of each fiscal year thereafter, the State Treasurer  
18 shall transfer the remaining balance in the Video Gaming Fund  
19 that is not transferred under [subsection] subsections (a),  
20 (a.1), (a.2), and (a.3) to the General Fund.

21 Section 12. Title 4 is amended by adding sections to read:  
22 § 4106. Fire and Emergency Services Grant Fund.

23 (a) Establishment.--The Fire and Emergency Services Grant  
24 Fund is established in the State Treasury. The fund shall  
25 receive money from the Video Gaming Fund in accordance with  
26 section 4105 (relating to transfers from Video Gaming Fund).

27 (b) Use of money.--Money in the fund shall be used for  
28 programs that provide grants to volunteer fire companies,  
29 municipal fire companies, volunteer emergency medical service  
30 companies and career emergency medical service companies as

1 specified through a separate act of the General Assembly.

2 § 4107. Veterans' Service Officer Grant Fund.

3 (a) Establishment.--The Veterans' Service Officer Grant Fund  
4 is established in the State Treasury. The fund shall receive  
5 money from the Video Gaming Fund in accordance with section 4105  
6 (relating to transfers from Video Gaming Fund).

7 (b) Use of money.--Money in the fund shall be used for  
8 programs that provide grants to veterans' service organizations  
9 that support veterans' service officer programs as specified  
10 through a separate act of the General Assembly.

11 § 4108. Veterans' Assistance Fund.

12 (a) Establishment.--The Veterans' Assistance Fund is  
13 established in the State Treasury. The fund shall receive money  
14 from the Video Gaming Fund in accordance with section 4105  
15 (relating to transfers from Video Gaming Fund).

16 (b) Use of money.--Money in the fund shall be used for  
17 programs that support veterans and their families or assist with  
18 the operation, maintenance and repair of monuments honoring  
19 veterans and service members as specified through a separate act  
20 of the General Assembly.

21 Section 13. This act shall take effect as follows:

22 (1) The following provisions shall take effect  
23 immediately:

24 (i) This section.

25 (ii) The amendment or addition of 4 Pa.C.S. §§  
26 3704(f.1), 4105, 4106, 4107 and 4108.

27 (2) The remainder of this act shall take effect in 60  
28 days.