
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL
No. 618

Session of
1971

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

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 23, 1971

AN ACT

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

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

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

10 Section 2. Statement of Purpose.--This act is enacted to
11 establish a lottery to be operated by the State, the net
12 proceeds of which are to be used AFTER ~~JUNE 30,~~ JANUARY 1, 1972 <—
13 exclusively for the purpose of providing property tax relief for
14 the elderly FOR TAXES PAID IN 1971 AND THEREAFTER. REIMBURSEMENT <—
15 ON ANY SUCH CLAIM SHALL BE MADE FROM THE PROCEEDS OF THE LOTTERY
16 AS SOON AS POSSIBLE AFTER FILING, BUT IN NO CASE LATER THAN
17 SIXTY DAYS FROM THE DATE THE CLAIM IS FILED. It is further

1 intended to provide a means through which to curb illegal
2 gambling operations in Pennsylvania.

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

4 (1) "Commission" shall mean the State Lottery Commission
5 established by this act.

6 (2) "Division" shall mean the Division of the State Lottery
7 created by this act.

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

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

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

13 Section 4. State Lottery Commission; Chairman.--There is
14 hereby created within the Department of Revenue a Division of
15 the State Lottery which shall include a State Lottery
16 Commission.

17 The commission shall consist of a chairman and four members,
18 all of whom shall be citizens and residents of the State. No
19 more than three of the five members shall belong to the same
20 political party. The chairman shall be appointed by the
21 Governor, by and with the advice and consent of two-thirds of
22 all the members of the Senate, and shall hold office at the
23 pleasure of the Governor. The members of the commission shall be
24 appointed by the Governor, by and with the advice and consent of
25 two-thirds of all the members of the Senate. The members of the
26 commission shall hold office for four years. No member, upon the
27 expiration of his term, shall continue to hold office until his
28 successor is appointed and qualified. Of the members first
29 taking office, two shall be appointed for a term of one year and
30 two for a term of two years. The members of the commission shall

1 receive actual and necessary expenses incurred by them in the
2 performance of their duties, together with a per diem allowance
3 to be paid by the Governor's Office for each day spent in the
4 performance of their duties. Vacancies in the commission
5 occurring otherwise than by expiration of term shall be filled
6 for the unexpired term in the same manner as original
7 appointments. Any member of the commission, other than the
8 chairman, may, after notice and opportunity to be heard, be
9 removed by the Governor for neglect of duty, misfeasance,
10 malfeasance or nonfeasance in office.

11 Three of the members of the commission shall constitute a
12 quorum to do business.

13 The director shall act as secretary and executive officer of
14 the commission.

15 Section 5. Powers and Duties of Commission.--The commission
16 shall advise and make recommendations to the Secretary of
17 Revenue regarding the functions and operations of the State
18 lottery.

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

20 (a) In addition to the powers and duties provided by law and
21 "The Administrative Code of 1929," the Secretary of Revenue
22 shall have the power and it shall be his duty to operate and
23 administer the lottery, and to promulgate rules and regulations
24 governing the establishment and operation thereof, including but
25 not limited to:

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

27 (2) The price, or prices, of tickets or shares in the
28 lottery EXCEPT THAT TICKETS OR SHARES SHALL BE SOLD IN
29 DENOMINATIONS OF TWENTY-FIVE CENTS, FIFTY CENTS AND UPWARDS.

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

1 tickets or shares.

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

3 (5) The manner of payment of prizes to the holders of
4 winning tickets or shares.

5 (6) The frequency of the drawings or selections of winning
6 tickets or shares, without limitation.

7 (7) Without limit as to number, the type or types of
8 locations at which tickets or shares may be sold.

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

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

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

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

1 subclause (iv) above.

2 (12) Such other matters necessary or desirable for the
3 efficient and economical operation and administration of the
4 lottery and for the convenience of the purchasers of tickets or
5 shares and the holders of winning tickets or shares.

6 (b) To report monthly to the Governor and the Legislature
7 the total lottery revenues, prize disbursements and other
8 expenses for the preceding month, and to make an annual report,
9 which shall include a full and complete statement of lottery
10 revenues, prize disbursements and other expenses, to the
11 Governor and the Legislature, and including such recommendations
12 for changes in this act as the secretary deems necessary or
13 desirable.

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

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

21 (2) The accessibility of his place of business or activity
22 to the public; (3) The sufficiency of existing licenses to
23 serve the public convenience; and

24 (4) The volume of expected sales.

25 For the purposes of this section, the term "person" shall be
26 construed to mean and include an individual, association,
27 corporation, club, trust, estate, society, company, joint-stock
28 company, receiver, trustee, assignee, referee, or any other
29 person acting in a fiduciary or representative capacity, whether
30 appointed by a court or otherwise, and any combination of

1 individuals. "Person" shall also be construed to mean and
2 include all departments, commissions, agencies and
3 instrumentalities of the State, including counties and
4 municipalities and agencies and instrumentalities thereof.

5 (b) If the secretary shall find that the experience,
6 character and general fitness of the applicant are such that the
7 participation of such person as a lottery sales agent will be
8 consistent with the public interest, convenience and necessity,
9 it may thereupon grant a license.

10 Without limiting the generality of the foregoing, the
11 secretary may refuse to issue a license pursuant to this
12 section, or may suspend or revoke a license so issued if it
13 shall find that the applicant or licensee:

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

15 (2) Has engaged in bookmaking or other form of illegal
16 gambling.

17 (3) Has been found guilty of any fraud or misrepresentation
18 in any connection.

19 (4) Has violated any rule, regulation or order of the
20 secretary.

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

24 (1) Any officer, director, member or stockholder of such
25 corporation applying for a license or of any corporation which
26 owns stock in or shares in the profits, or participates in the
27 management of the affairs of such applicant: (i) has been
28 convicted of a crime involving moral turpitude, (ii) has engaged
29 in bookmaking or other forms of illegal gambling, (iii) has been
30 found guilty of any fraud or misrepresentation in any

1 connection, or (iv) has violated any rule, regulation or order
2 of the secretary.

3 (2) The experience, character, or general fitness of any
4 officer, director, or stockholder of any of the aforesaid
5 corporations is such that the participation of such person as a
6 lottery sales agent would be inconsistent with the public
7 interest, convenience or necessity, but if the secretary
8 determines that the interest of any stockholder referred to in
9 this clause or in clause (1) of this subsection is sufficient,
10 in the opinion of the secretary, to affect adversely the conduct
11 of a lottery sales agency by such corporation in accordance with
12 the provisions of this act, the secretary may disregard such
13 interest in determining whether or not to grant a license to
14 such corporation.

15 (3) The applicant is not the owner or the lessee of the
16 business at which it will conduct a lottery sales agency
17 pursuant to the license applied for, or that any person, firm,
18 association, or corporation other than the applicant shares, or
19 will share, in the profits of the applicant, other than by
20 dividends as a stockholder, or participates, or will
21 participate, in the management of the affairs of the applicant.

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

26 Section 8. Assignability of Prizes Drawn.--No right of any
27 person to a prize drawn shall be assignable, except that payment
28 of any prize drawn may be paid to the estate of a deceased prize
29 winner, and, except that any person pursuant to an appropriate
30 judicial order may be paid the prize to which the winner is

1 entitled. The secretary shall be discharged of all further
2 liability upon payment of a prize pursuant to this section.

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

7 (b) No person other than a licensed lottery sales agent
8 shall sell lottery tickets or shares, except that nothing in
9 this section shall be construed to prevent any person from
10 giving lottery tickets or shares to another as a gift.

11 Any person convicted of violating this section shall be
12 guilty of a misdemeanor and upon conviction thereof, shall be
13 sentenced to pay a fine not exceeding five hundred dollars
14 (\$500). EACH SALE OF ONE TICKET IN VIOLATION OF THIS SECTION
15 SHALL BE A SEPARATE OFFENSE. <—

16 Section 10. Sales to Certain Persons Prohibited; Penalty.--
17 No ticket or share shall be sold to any person under the age of
18 twenty-one years. The identification card issued by the Liquor
19 Control Board shall constitute proof of age. For the purpose of
20 making a gift, a person twenty-one years of age or older may
21 purchase a ticket or share for the benefit of a person less than
22 that age.

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

28 No ticket or share shall be sold to and no prize shall be
29 awarded to any officer or employe of the Department of Revenue
30 or any spouse, child, brother, sister or parent residing as a

1 member of the same household in the principal place of abode of
2 any of the foregoing persons.

3 Section 11. Other Laws Inapplicable.--No other law providing
4 any penalty or disability for the sale of lottery tickets or
5 shares or any acts done in connection with a lottery shall apply
6 to the sale of tickets or shares or acts performed pursuant to
7 this act.

8 Section 12. Disposition of Funds from Sale of Tickets or
9 Shares.--(a) All moneys received from the operation of the State
10 lottery shall be deposited in a State Lottery Fund which is
11 hereby created. Such moneys shall be used to the extent
12 necessary for the payment of lottery prizes but the amount so
13 used shall not be less than forty per cent of the amount of
14 which tickets or shares have been sold. All payments of lottery
15 prizes and for expenses of operation of the lottery shall be
16 made as provided by law. All moneys remaining after payment of
17 prizes and operating expenses ~~SHALL BE TRANSFERRED TO THE~~ <—
18 ~~GENERAL FUND THROUGH JUNE 30, 1972, AFTER WHICH DATE THEY SHALL~~
19 ~~REMAIN IN THE STATE LOTTERY FUND AND~~ shall be allocated for the
20 exclusive purpose of providing property tax relief for the
21 elderly FOR TAXES PAID IN 1971 AND THEREAFTER pursuant to the <—
22 provisions of the act of March 11, 1971 (Act No. 3), known as
23 the "Senior Citizens Property Tax Assistance Act." REIMBURSEMENT <—
24 ON ANY SUCH CLAIM SHALL BE MADE FROM THE PROCEEDS OF THE LOTTERY
25 AS SOON AS POSSIBLE AFTER FILING, BUT IN NO CASE LATER THAN
26 SIXTY DAYS FROM THE DATE THE CLAIM IS FILED. In the event
27 sufficient funds are not available from the lottery receipts to
28 meet the requirements of the act of March 11, 1971 (Act No. 3),
29 known as the "Senior Citizens Property Tax Assistance Act,"
30 additional funds to fulfill this obligation shall be

1 appropriated from the General Fund for this purpose.

2 (b) The moneys in said State Lottery Fund shall be
3 appropriated only:

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

6 (2) For the expenses of the division in its operation of the
7 lottery;

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

10 (4) For ~~TRANSFER TO THE GENERAL FUND THROUGH JUNE 30, 1972,~~ <—
11 ~~AND FOR~~ the repayment to the General Fund of the amount
12 appropriated to the fund pursuant to section 16 of this act.

13 Section 13. Exemption of Lottery Prizes from State and Local
14 Taxation.--No State or local taxes of any kind whatsoever shall
15 be imposed upon the proceeds from a prize awarded by the State
16 lottery.

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

24 Section 15. Bank Deposits and Control of Lottery
25 Transactions.--The secretary may, in his discretion, require any
26 or all lottery sales agents to deposit to the credit of the
27 State Lottery Fund in banks, designated by the State Treasurer,
28 all moneys received by such agents from the sale of lottery
29 tickets or shares, less the amount, if any, retained as
30 compensation for the sale of the tickets or shares, and to file

1 with the secretary or his designated agents reports of their
2 receipts and transactions in the sale of lottery tickets in such
3 form and containing such information as he may require. The
4 secretary may make such arrangements for any person, including a
5 bank, to perform such functions, activities or services in
6 connection with the operation of the lottery as he may deem
7 advisable pursuant to this act and the rules and regulations of
8 the department, and such functions, activities or services shall
9 constitute lawful functions, activities and services of such
10 person.

11 Section 16. Appropriation.--There is hereby appropriated the
12 sum of one million dollars (\$1,000,000), or so much thereof as
13 is necessary for the establishment of the State lottery and the
14 Division of the State Lottery in the Department of Revenue. The
15 Department of Revenue shall reimburse the General Fund from
16 receipts from sale of lottery tickets or shares the actual
17 amount of money expended from said appropriation within one year
18 of the date of the first lottery drawing.

19 Section 17. Effective Date.--This act shall take effect
20 immediately except that no sale of tickets or shares shall be
21 made or drawings for prizes held before July 1, 1971 AND SHALL
22 REMAIN IN EFFECT UNTIL JUNE 30, 1976.

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