

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1259 Session of
1985

INTRODUCED BY WENGER, KELLEY, MOORE, LYNCH, FUMO, ROMANELLI,
BELL AND SHUMAKER, DECEMBER 4, 1985

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, APRIL 15, 1986

AN ACT

1 Amending the act of December 17, 1981 (P.L.435, No.135),
2 entitled "An act providing for the regulation of pari-mutuel
3 thoroughbred horse racing and harness horse racing
4 activities; imposing certain taxes and providing for the
5 disposition of funds from pari-mutuel tickets," further
6 providing for the powers and duties of the State Horse Racing
7 Commission and the State Harness Racing Commission; further
8 regulating licensing of racing corporations and individuals
9 involved in racing, handling of funds, and racing employees;
10 further providing for special funds; FURTHER PROVIDING FOR <—
11 ALLOCATION OF RACING DAYS, FOR THE PLACE AND MANNER OF
12 CONDUCTING PARI-MUTUEL WAGERING, FOR THE RETENTION PERCENTAGE
13 AND DISTRIBUTION OF PARI-MUTUEL POOLS, FOR FINES AND
14 PENALTIES AND FOR THE SIMULCASTING AND TELEVISIONING OF RACES;
15 PLACING LIMITATIONS ON DAY AND NIGHT RACING; making editorial
16 changes; and reestablishing the State Horse Racing Commission
17 and the State Harness Racing Commission.

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

20 Section 1. Section 102 of the act of December 17, 1981
21 (P.L.435, No.135), known as the Race Horse Industry Reform Act,
22 is amended to read:

23 Section 102. Definitions.

24 The following words and phrases when used in this act shall

1 have, unless the context clearly indicates otherwise, the
2 meanings given to them in this section:

3 "AIR MILE." A UNIT OF DISTANCE EQUAL TO 1,852 KILOMETERS OR <—
4 5,280 FEET FOR PURPOSES OF THIS ACT.

5 "Clean letter of credit." A letter of credit which is
6 available to the beneficiary against presentation of only a
7 draft or receipt.

8 "Commissions." The State Horse Racing Commission and the
9 State Harness Racing Commission.

10 "Commissioners." The persons appointed by the Governor and
11 confirmed by the Senate who serve on the State Horse Racing
12 Commission or the State Harness Racing Commission and who
13 administer the applicable provisions of this act.

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

16 "Irrevocable clean letter of credit." A clean letter of
17 credit which cannot be canceled or amended unless there is an
18 agreement to cancel or amend among all parties to the letter of
19 credit.

20 "Licensed corporations." The corporations that have obtained
21 a license from either the State Horse Racing Commission or the
22 State Harness Racing Commission to conduct thoroughbred or
23 harness horse race meetings respectively with pari-mutuel
24 wagering.

25 "RACETRACK." THE PHYSICAL FACILITY WHERE A LICENSED <—
26 CORPORATION CONDUCTS THOROUGHBRED OR HARNESS RACE MEETINGS
27 RESPECTIVELY WITH PARI-MUTUEL WAGERING.

28 "SIMULCAST." THE TRANSMISSION OF LIVE ELECTRONICALLY
29 TELEVISED VIDEO/AUDIO RACES FROM THE HOST RACETRACK TO THE RACE
30 TRACK RECEIVING THE TELEVISION TRANSMISSION.

1 Section 2. Sections 201(e), ~~209 and 212~~, 207(B)(3) AND 209 <—
2 of the act are amended to read:

3 Section 201. Establishment of the commissions.

4 * * *

5 (e) It shall be the duty of the executive secretary to keep
6 a full and faithful record of the proceedings of the
7 commissions, preserve at the general office of the commissions
8 all books, maps, documents and papers entrusted to the executive
9 secretary's care, prepare for service the papers and notices as
10 may be required by the commissions and perform other duties as
11 the commissions may prescribe. It shall be the duty of the
12 executive secretary to keep, at the offices of the commissions,
13 a docket setting forth the names of all stockholders in all
14 corporations licensed under this act, the number of shares held
15 by each stockholder and the date on which each shareholder
16 acquired stock in the licensed corporation. The docket shall be
17 open for public inspection. It shall be the duty of the
18 executive secretary to appear before the Appropriations
19 Committees of the Senate and the House of Representatives for
20 budgetary review and recommendations.

21 * * *

22 SECTION 207. ALLOCATION OF RACING DAYS. <—

23 * * *

24 (B) NO MORE THAN 125 RACING DAYS SHALL BE ALLOCATED TO EACH
25 LICENSED CORPORATION CONDUCTING HARNESS HORSE RACE MEETINGS IN
26 ANY CALENDAR YEAR. EVERY CORPORATION SHALL HOLD ITS LICENSE
27 UNDER THE PROVISIONS OF SECTION 209. THE STATE HARNESS RACING
28 COMMISSION SHALL ALLOCATE THE RACING DAYS IN ACCORDANCE WITH THE
29 FOLLOWING GUIDELINES:

30 * * *

1 (3) UPON REQUEST THE STATE HARNESS RACING COMMISSION MAY
2 GRANT UP TO AN ADDITIONAL 25 RACING DAYS OVER THE 125 RACING
3 DAYS TO A LICENSED CORPORATION IN EACH CALENDAR YEAR AND THE
4 COMMISSION MAY GRANT UP TO 50 ADDITIONAL DAYS OF RACING IF
5 THAT CORPORATION IS THE ONLY CORPORATION OPERATING AT THE
6 FACILITY, IF RACING MEET SCHEDULES CAN ACCOMMODATE THESE
7 EXTRA RACING DAYS [AND IF EACH LICENSED CORPORATION SHALL
8 HAVE BEEN ALLOCATED RACING DAYS].

9 * * *

10 Section 209. Licenses for horse race meetings.

11 (a) Any corporation desiring to conduct horse race meetings
12 at which pari-mutuel wagering shall be permitted may apply to
13 the appropriate commission for a license. ~~The license gives its~~ <—
14 ~~holder the privilege to conduct horse race meetings at which~~
15 ~~pari mutuel wagering is permitted. The license does not give its~~
16 ~~holder a property right.~~ If, in the judgment of the appropriate
17 commission, the public interest, convenience or necessity will
18 be served and a proper case for the issuance of the license is
19 shown, the appropriate commission may issue the license. The
20 license shall remain in effect so long as the licensed
21 corporation complies with all conditions, rules and regulations
22 and provisions of this act. A commission may revoke or suspend
23 the license of any corporation, if the commission finds by a
24 preponderance of the evidence that the corporation, its
25 officers, employees or agents, has not complied with the
26 conditions, rules, regulations and provisions of this act and
27 that it would be in the public interest, convenience or
28 necessity to revoke or suspend the license. A license is not
29 transferable.

30 (b) Every license shall be issued upon [condition] the

1 following conditions:

2 (1) [that every] A horse race meeting at which pari-
3 mutuel wagering is conducted [shall be] is subject to the
4 supervision of and to the reasonable rules and regulations
5 prescribed by the appropriate commission[;].

6 (2) [that pari-mutuel] Pari-mutuel wagering conducted
7 [shall] is also [be] subject to the supervision of and to the
8 reasonable regulations prescribed by the Department of
9 Revenue. Any license may also be issued upon any other
10 condition that the appropriate commission [shall determine]
11 determines to be necessary or desirable to insure that the
12 public interest, convenience or necessity is served[; and].

13 (3) [that the] The corporation can prove by a
14 preponderance of the evidence that it has obtained the use of
15 a facility to conduct horse race meetings. The proof may be
16 demonstrated by documentation of an ownership interest in the
17 facility or by a written lease for use of the facility. For
18 purposes of this [section] paragraph, an ownership interest
19 shall mean that a licensed corporation directly or through a
20 parent or subsidiary has at least a 35% equity interest in
21 the track facility at which it conducts horse race meetings
22 or is the primary tenant at such facility. For purposes of
23 this [subsection] paragraph, a primary tenant shall be that
24 licensed corporation, if any, which is a tenant conducting
25 horse racing meetings at a track facility at which no
26 licensed corporation conducting horse race meetings has
27 directly or through a parent or subsidiary at least a 35%
28 equity interest in such facility, and if there is more than
29 one such tenant at any such facility during the year prior to
30 the year for which dates are requested, then among or between

1 such tenants the primary tenant, if any, shall be designated
2 by agreement among or between those licensed corporations
3 which propose to conduct horse race meetings at the said
4 track facility during the year for which dates are requested.

5 (4) The corporation posts, in favor of the appropriate
6 commission, a bond or irrevocable letter of credit in an
7 amount equal to the sum of the corporation's average weekly
8 payment, during active racing, into the State Racing Fund, as
9 determined by the appropriate commission on the basis of the
10 immediately preceding year, during the year for which dates
11 are requested.

12 (5) The licensed corporation prints in its racing
13 programs the procedure for filing a complaint with the
14 appropriate commission.

15 (c) Applications for licenses shall be in the form
16 prescribed by the appropriate commission and shall contain
17 information, material or evidence as the appropriate commission
18 may require. The term "racing week" shall include Sunday at the
19 discretion of the licensed corporation.

20 (d) In considering an application for a license to a
21 corporation, the commissions may give consideration to the
22 number of licenses already granted. No license shall be granted
23 to any track located within ten miles of a State, county or
24 other political subdivision fair conducting horse racing unless
25 the association, corporation, society, political subdivision or
26 State agency conducting the fair shall affirmatively waive
27 objection to the issuance of the license for dates within the
28 period.

29 (e) The commissions may refuse to grant, may revoke, or may
30 suspend a license to a corporation, if it shall determine that:

1 (1) Any officer, director, member or stockholder of the
2 corporation applying for a license or of any corporation
3 which owns stock in or shares in the profits, or participates
4 in the management of the affairs of the applicant, or which
5 leases to the applicant the track where it shall operate:

6 (i) has been convicted of a crime involving moral
7 turpitude;

8 (ii) has engaged in bookmaking or other forms of
9 illegal gambling;

10 (iii) has been found guilty of any fraud or
11 misrepresentation in connection with racing or breeding;

12 (iv) has been guilty of any violation or attempt to
13 violate any law, rule or regulation of any racing
14 jurisdiction, for which suspension from racing might be
15 imposed in such jurisdiction; or

16 (v) has violated any rule, regulation or order of
17 the commissions.

18 (2) The experience, character or fitness of any officer,
19 director or stockholder of any of the corporations is such
20 that the participation of the person in horse racing or
21 related activities would be inconsistent with the public
22 interest, convenience or necessity or with the best interests
23 of racing. If the commission determines that the interest of
24 any stockholder referred to in this paragraph or in paragraph
25 (1) is insufficient to affect adversely the conduct of pari-
26 mutuel horse racing by the corporation in accordance with the
27 provisions of this act, the commissions may disregard the
28 interest in determining whether or not to grant a license to
29 the corporation.

30 (3) The applicant is not the owner or the lessee of the

1 track at which it will conduct pari-mutuel horse racing under
2 the license applied for, or that any person, firm,
3 association or corporation other than the applicant shares,
4 or will share, in the profits of the applicant, other than by
5 dividends as a stockholder, or participates, or will
6 participate in the management of the affairs of the
7 applicant.

8 (4) The corporation does not have the use of a facility
9 to conduct horse race meetings. Such use must be proved by a
10 preponderance of the evidence. The proof may be demonstrated
11 by documentation of an ownership interest in the facility or
12 by a written lease for use of the facility.

13 (5) [If the appropriate commission finds that a] A
14 licensed corporation does not have proof of a written lease
15 of a facility to conduct horse race meetings[, it]. Under
16 this paragraph, the appropriate commission may suspend [its]
17 a license for a period of two years. After the expiration of
18 the suspension, the appropriate commission may then revoke
19 the license, if the licensed corporation has failed to
20 contract for a facility at which to conduct horse race
21 meetings.

22 (6) A licensed corporation has commingled horsemen's
23 funds in violation of section 235(c) or has refused to place
24 on deposit a letter of credit under section 236.

25 (f) The commissions shall also have power to refuse to
26 grant, revoke or suspend a license:

27 (1) To any corporation, the charter or certificate of
28 incorporation of which shall fail to contain a provision
29 requiring any stockholder, upon written demand of the
30 corporation, to sell his stock to the corporation at a price

1 to be fixed by the appropriate commission, provided the
2 demand be made pursuant to written direction of the
3 appropriate commission and from the date of the making of the
4 demand prohibiting the transfer of the certificate of stock
5 except to the corporation.

6 (2) To any corporation which, having been a licensee,
7 has failed, in the opinion of the appropriate commission, to
8 properly maintain its track and plant in good condition or
9 has failed to make adequate provision for rehabilitation and
10 capital improvements to its track and plant.

11 (g) Pending final determination of any question under this
12 section, the commissions may issue a temporary license upon such
13 terms and conditions as they see fit to effectuate the
14 provisions of this act.

15 (h) The commissions shall have power to direct that every
16 certificate of stock of a licensed corporation shall bear a
17 legend, plainly and prominently imprinted upon the face of the
18 certificate, reading: "This certificate of stock is transferable
19 only subject to the provisions of the 'Race Horse Industry
20 Reform Act'." The provisions of this subsection shall not apply
21 to stock heretofore issued by a licensed corporation under the
22 provisions of the act of December 11, 1967 (P.L.707, No.331), as
23 amended, and referred to as the Pennsylvania Thoroughbred Horse
24 Racing Law or of the act of December 22, 1959 (P.L.1978,
25 No.728), as amended, and referred to as the Pennsylvania Harness
26 Racing Law.

27 ~~Section 212. Officials at horse race meetings.~~

28 ~~(a) At all thoroughbred horse race meetings licensed by the~~
29 ~~State Horse Racing Commission, qualified [stewards,] judges and~~
30 ~~starters shall be approved by the commission. These officials~~

<—

1 ~~shall enforce the rules and regulations of the State Horse~~
2 ~~Racing Commission and shall render written reports of the~~
3 ~~activities and conduct of such race meetings to the State Horse~~
4 ~~Racing Commission. The compensation of these judges and starters~~
5 ~~shall be paid by the corporation conducting the race meeting.~~

6 ~~(b) At all harness race meetings licensed by the State~~
7 ~~Harness Racing Commission, qualified judges and starters shall~~
8 ~~be approved by the commission. No person shall be approved as a~~
9 ~~judge or starter unless he is licensed by the United States~~
10 ~~Trotting Association as a duly qualified pari mutuel race~~
11 ~~meeting official. The officials shall enforce the rules and~~
12 ~~regulations of the State Harness Racing Commission and shall~~
13 ~~render regular written reports of the activities and conduct of~~
14 ~~the race meetings to the State Harness Racing Commission. The~~
15 ~~compensation of the presiding judge and two associate judges at~~
16 ~~each race track shall be fixed and paid by the State Harness~~
17 ~~Racing Commission. The commission shall adopt a selection~~
18 ~~process to approve the appointment of these officials. The~~
19 ~~licensed corporations shall participate in this selection~~
20 ~~process for approval of these officials.~~

21 Section 3. ~~Sections 213, 223 and 224~~ SECTION 213 of the act, <—
22 amended December 30, 1983 (P.L.400, No.93), are IS amended to <—
23 read:

24 Section 213. Licenses for commissioners, employees and
25 participants at horse race meetings.

26 (a) Each commission shall license trainers, jockeys,
27 drivers, persons participating in thoroughbred and harness horse
28 race meetings, horse owners and all other persons and vendors
29 exercising their occupation or employed at thoroughbred and
30 harness horse race meetings. The license gives its holder a

1 privilege to engage in the specified activity but the license
2 does not give its holder a property right. Licenses are not
3 transferable. Each commission shall fix the license fees to be
4 paid by persons or corporations so licensed; provided, however,
5 that such occupational license fees shall not exceed \$100. All
6 fees shall be paid to the commissions and by them paid into the
7 State Treasury through the Department of Revenue and credited to
8 the State Racing Fund. The application shall be in the form and
9 contain the information as each commission may require.
10 Applicants must have their fingerprints taken as part of the
11 background investigation. All licenses [may] shall be issued for
12 [more than a one year term] three-year terms and shall be
13 automatically renewed, upon payment of the required fee, unless
14 subsection (f) applies. The commissions may also stagger the
15 termination dates and renewal dates of the licenses, in order to
16 process and issue the licenses in an orderly manner that
17 provides for approximately one-third of the licenses to be
18 renewed each year. The commissions shall fix the manner by which
19 licenses are processed and issued by rule or regulation.

20 (b) All commissioners and all employees, agents and
21 representatives of the commissions shall be licensed under this
22 act. There shall be no fee for this license. The commissions
23 shall fix by rule or regulation the manner in which these
24 licenses under this subsection shall be processed and issued.

25 (c) If the commissions find that the experience, character
26 and general fitness of the applicant are such that the
27 participation of the person in horse race meets is consistent
28 with the public interest, convenience and necessity, and with
29 the best interests of racing generally in conformity with the
30 purposes of this act, it may grant a license.

(d) The commissions may refuse to issue a license under this section, if they shall find that the applicant:

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

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

(3) Has been found guilty of any fraud or misrepresentation in connection with racing or breeding.

(4) Has been found guilty of any violation or attempt to violate any law, rule or regulation of racing in any jurisdiction, for which suspension from racing might be imposed in that jurisdiction.

(5) Has violated any rule, regulation or order of the commissions.

(e) Each commission shall have the right to inspect all contracts between licensed corporations and vendors for goods and services. Each commission shall require by rule or regulation that vendors disclose to the appropriate commission all principal officers and a description of their interests in the vendors' business. Failure to properly disclose this information shall constitute grounds to deny, to revoke or to suspend any vendor's license issued under the provisions of this act.

(f) The commissions may suspend, refuse to renew or revoke a license issued under this section, if it shall determine that:

(1) The applicant or licensee:

(i) has been convicted of a crime involving moral turpitude;

(ii) has engaged in bookmaking or other form of illegal gambling;

(iii) has been found guilty of any fraud in connection with racing or breeding;

(iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction for which suspension from racing might be imposed in that jurisdiction; ~~for~~

(v) [who] has violated any rule, regulation or order of the commissions; ~~or~~

~~(vi) has been convicted of an offense related to the use, possession or sale of drugs or alcohol.~~

(2) That the experience, character or general fitness of any applicant or licensee is such that the participation of the person in horse racing or related activities would be inconsistent with the public interest, convenience or necessity or with the best interests of racing.

(g) Pending final determination of any question under this section, the commissions may issue a temporary license upon such terms and conditions as they may deem necessary or proper to effectuate the provisions of this act.

(h) The commissions may suspend a license under subsection (f) pending a hearing on the matter. The hearing must take place within ten days of the suspension.

(i) The commissions shall not grant licenses to citizens of states that do not grant licenses to citizens of this Commonwealth on the basis of in-state preference.

~~SECTION 4. SECTION 214(B) OF THE ACT IS AMENDED TO READ:~~
~~SECTION 214. POWER OF COMMISSIONS TO IMPOSE FINES AND PENALTIES.~~

~~* * *~~

~~(B) NO OFFICER OR EMPLOYEE OF A LICENSED CORPORATION OR~~

1 ~~THEIR SPOUSES, PARENTS, FATHERS IN LAW, MOTHERS IN LAW, SONS,~~
2 ~~DAUGHTERS, SONS IN LAW OR DAUGHTERS IN LAW SHALL HAVE ANY DIRECT~~
3 ~~OR INDIRECT INTEREST IN A RACE HORSE THAT IS PARTICIPATING IN A~~
4 ~~RACE AT A MEET AT WHICH SUCH PERSON OR HERETOFORE MENTIONED~~
5 ~~RELATIVE HOLDS ANY INTEREST IN THE LICENSED CORPORATION~~
6 ~~CONDUCTING THE MEET AND/OR THE TRACK FACILITY. AN OFFICER OR~~
7 ~~EMPLOYEE OF A LICENSED CORPORATION OR THEIR SPOUSES, PARENTS,~~
8 ~~FATHERS IN LAW, MOTHERS IN LAW, SONS, DAUGHTERS, SONS IN LAW OR~~
9 ~~DAUGHTERS IN LAW MAY HAVE AN INTEREST IN A RACE HORSE AND ENTER~~
10 ~~IT AT MEETS THAT ARE CONDUCTED BY LICENSED CORPORATIONS OR AT~~
11 ~~RACE TRACKS IN WHICH SUCH A PERSON OR HERETOFORE MENTIONED~~
12 ~~RELATIVE HOLDS NO DIRECT OR INDIRECT INTEREST. EACH COMMISSION~~
13 ~~SHALL IMPOSE A FINE OR PENALTY UPON ANY PERSON FOR VIOLATION OF~~
14 ~~THIS SUBSECTION AS PROVIDED FOR UNDER SUBSECTION (A). FOR~~
15 ~~PURPOSES OF THIS SUBSECTION AN INTEREST SHALL NOT INCLUDE:~~

16 ~~(1) ANY BREEDER'S FUND AWARD AS A RESULT OF A HORSE~~
17 ~~BEING A REGISTERED PENNSYLVANIA BRED THOROUGHBRED HORSE UNDER~~
18 ~~THE PROVISIONS OF SECTION 223; AND~~

19 ~~(2) ANY INTEREST IN A LICENSED CORPORATION THAT WAS HELD~~
20 ~~BY A PERSON, PARTNERSHIP, ASSOCIATION OR CORPORATION ON OR~~
21 ~~BEFORE [DECEMBER 22, 1973] JANUARY 1, 1987.~~

22 ~~SECTION 5~~ 4. SECTION 218 OF THE ACT, AMENDED JULY 3, 1984 <—
23 (P.L.577, NO.115), IS AMENDED TO READ:

24 SECTION 218. PLACE AND MANNER OF CONDUCTING PARI-MUTUEL
25 WAGERING.

26 (A) EVERY LICENSED CORPORATION SHALL PROVIDE DURING A HORSE
27 RACE MEETING A PLACE OR PLACES WITHIN THE RACE TRACK ENCLOSURE
28 AT WHICH THE LICENSED CORPORATION SHALL CONDUCT THE PARI-MUTUEL
29 SYSTEM OF WAGERING BY ITS PATRONS ON THE RESULTS OF HORSE RACES
30 HELD AT SUCH MEETINGS OR TELEVISED TO THE RACE TRACK ENCLOSURE

1 BY SIMULCASTING. THE LICENSED CORPORATION SHALL ERECT A SIGN OR
2 BOARD UPON WHICH SHALL BE DISPLAYED THE APPROXIMATE STRAIGHT
3 ODDS ON EACH HORSE IN ANY RACE; THE VALUE OF A WINNING MUTUEL
4 TICKET, STRAIGHT, PLACE OR SHOW ON THE FIRST THREE HORSES IN THE
5 RACE; THE ELAPSED TIME OF THE RACE; THE VALUE OF A WINNING DAILY
6 DOUBLE TICKET, IF A DAILY DOUBLE BE CONDUCTED, AND ANY OTHER
7 INFORMATION THAT THE COMMISSIONS MAY DEEM NECESSARY FOR THE
8 GUIDANCE OF THE GENERAL PUBLIC. THE COMMISSIONS MAY PRESCRIBE,
9 BY RULE, THE TYPE AND KIND OF EQUIPMENT TO BE USED FOR THE
10 DISPLAY OF THE FOREGOING INFORMATION.

11 (A.1) FOR PURPOSES OF THIS ACT, THE TERM "RACE TRACK
12 ENCLOSURE" WITH RESPECT TO EACH LICENSED CORPORATION SHALL BE
13 DEEMED TO INCLUDE ALL PRIMARY, NONPRIMARY, CONTIGUOUS AND
14 NONCONTIGUOUS LOCATIONS OF A LICENSED CORPORATION WHICH ARE
15 SPECIFICALLY APPROVED BY EITHER OF THE COMMISSIONS FOR
16 OPERATION, BY SUCH LICENSED CORPORATION, OF PARI-MUTUEL WAGERING
17 ON HORSE RACES CONDUCTED BY SAID CORPORATION OR SIMULCAST
18 PURSUANT TO THE PROVISIONS OF SECTION 216 OR 234 OF THIS ACT AT
19 SAID PRIMARY LOCATION OR BY OPERATION OF TELEPHONE ACCOUNT
20 BETTING PURSUANT TO THIS SECTION: PROVIDED, THAT ANY RACE TRACK
21 ENCLOSURE MUST INCLUDE AT LEAST ONE COMMISSION-APPROVED LOCATION
22 CONTAINING A RACE TRACK AS A LICENSED CORPORATION'S "PRIMARY
23 RACE TRACK LOCATION": PROVIDED FURTHER, THAT NONE OF THE
24 NONPRIMARY LOCATIONS OF ANY PARTICULAR LICENSED CORPORATION MAY
25 BE LOCATED WITHIN THE PRIMARY MARKET AREA OF ANY OTHER LICENSED
26 CORPORATION AS DEFINED IN SECTION 102 AND SUBSECTION (E). DURING
27 ANY PARI-MUTUEL HORSE RACE MEETING, PARI-MUTUEL WAGERING MAY BE
28 CONDUCTED BY A LICENSED CORPORATION AT ANY TWO OR MORE LOCATIONS
29 WITHIN THE LICENSED CORPORATION'S RACE TRACK ENCLOSURE
30 SIMULTANEOUSLY: PROVIDED, HOWEVER, THAT ALL WAGERS WITHIN A

1 PARTICULAR LICENSED CORPORATION'S RACE TRACK ENCLOSURE MUST BE
2 PLACED SOLELY THROUGH PARI-MUTUEL WAGERING SYSTEMS OPERATED OR
3 SUPERVISED BY SUCH LICENSED CORPORATION, THROUGH THE RACING
4 CORPORATION'S PRIMARY RACE TRACK LOCATION. THE APPROPRIATE
5 COMMISSION SHALL HAVE THE EXPRESS RIGHT TO INSPECT ALL ASPECTS
6 OF ANY NONPRIMARY TRACK ENCLOSURE AT ANY TIME. NO NONPRIMARY
7 LOCATION SHALL BE ESTABLISHED WITHOUT THE PRIOR, EXPRESS
8 AUTHORIZATION OF THE APPROPRIATE COMMISSION GIVEN IN COMPLIANCE
9 WITH THE APPROPRIATE COMMISSION'S RULES AND REGULATIONS. NO FORM
10 OF GAMBLING SHALL BE CONDUCTED AT ANY PRIMARY OR NONPRIMARY
11 LOCATION EXCEPT, WAGERING AUTHORIZED BY THIS ACT AND SELLING OF
12 TICKETS AUTHORIZED BY THE ACT OF AUGUST 26, 1971 (P.L.351,
13 NO.91), KNOWN AS THE "STATE LOTTERY LAW."

14 (B) EACH COMMISSION MAY UPON REQUEST BY ANY LICENSED
15 CORPORATION GRANT PERMISSION TO THE LICENSED CORPORATION TO
16 CONDUCT A TELEPHONE ACCOUNT WAGERING SYSTEM: PROVIDED, HOWEVER,
17 THAT ALL TELEPHONE MESSAGES TO PLACE WAGERS MUST BE TO A PLACE
18 WITHIN THE RACE TRACK ENCLOSURE: AND FURTHER PROVIDED, THAT ALL
19 MONEYS USED TO PLACE TELEPHONE WAGERS BE ON DEPOSIT IN AN AMOUNT
20 SUFFICIENT TO COVER THE WAGER AT THE RACE TRACK [WHERE]
21 ENCLOSURE OF THE LICENSED CORPORATION WITH WHICH THE ACCOUNT
22 [IS] WAS OPENED. EACH COMMISSION MAY PROMULGATE RULES OR
23 REGULATIONS TO REGULATE TELEPHONE ACCOUNT WAGERING. ALL MONEYS
24 WAGERED AS A RESULT OF TELEPHONE ACCOUNT WAGERING SHALL BE
25 INCLUDED IN THE AMOUNT WAGERED EACH RACING DAY FOR PURPOSES OF
26 TAXATION UNDER SECTION 222 AND SHALL BE INCLUDED IN THE SAME
27 PARI-MUTUEL POOLS FOR EACH POSTED RACE. ALL MONEYS WAGERED AT
28 NONPRIMARY, CONTIGUOUS OR NONCONTIGUOUS LOCATIONS WITHIN THE
29 RACE TRACK ENCLOSURE SHALL BE DEEMED TO HAVE BEEN WAGERED AT THE
30 PRIMARY RACE TRACK LOCATION FOR PURPOSES OF ANY AGREEMENT

1 WHEREBY A LICENSED CORPORATION LEASES ITS PRIMARY RACE TRACK
2 LOCATION. ALL TELEPHONE ACCOUNT WAGERING SYSTEMS SHALL BE SOLELY
3 OPERATED BY THE LICENSED CORPORATIONS.

4 (C) A LICENSED CORPORATION SHALL ONLY ACCEPT AND TABULATE A
5 WAGER PURSUANT TO SUBSECTION (B) BY A DIRECT TELEPHONE CALL FROM
6 THE HOLDER OF A TELEPHONE WAGERING ACCOUNT. NO PERSON SHALL
7 DIRECTLY OR INDIRECTLY ACT AS AN INTERMEDIARY, TRANSMITTER OR
8 AGENT IN THE PLACING OF WAGERS FOR A HOLDER OF A TELEPHONE
9 WAGERING ACCOUNT. NO PERSON SHALL IN ANY MANNER PLACE ANY WAGER
10 BY TELEPHONE TO A FACILITY IN THE RACE TRACK ENCLOSURE ON BEHALF
11 OF A HOLDER OF A TELEPHONE WAGERING ACCOUNT. ONLY THE HOLDER OF
12 A TELEPHONE WAGERING ACCOUNT SHALL PLACE A TELEPHONE WAGER. FOR
13 THE PURPOSES OF THIS SECTION, TELEPHONE TRANSMISSIONS AND
14 TELEPHONE ACCOUNT WAGERING SHALL INCLUDE ALL FORMS OF ELECTRONIC
15 OR OTHER SIGNAL TRANSMISSIONS BY ANY MEANS SO LONG AS THE
16 CONTENT OF THE TRANSMISSION IS CONTROLLED SOLELY BY THE HOLDER
17 OF THE TELEPHONE WAGERING ACCOUNT. ANY PERSON VIOLATING THIS
18 SUBSECTION SHALL BE GUILTY OF A MISDEMEANOR OF THE FIRST DEGREE.

19 (D) A LICENSED CORPORATION SHALL NOT ACCEPT A TELEPHONE
20 WAGER FROM, NOR ESTABLISH A TELEPHONE BETTING ACCOUNT FOR, ANY
21 PERSON LOCATED IN OR RESIDING IN AN AREA DEFINED HEREIN AS THE
22 PRIMARY MARKET AREA OF A RACE TRACK, OTHER THAN THE RACE TRACK
23 AT WHICH THE LICENSED CORPORATION IS CONDUCTING A RACING MEET.
24 NOTHING HEREIN SHALL PROHIBIT THE LICENSED CORPORATION FROM
25 ACCEPTING A TELEPHONE WAGER FROM, OR ESTABLISHING A TELEPHONE
26 BETTING ACCOUNT FOR, ANY PERSON LOCATED IN OR RESIDING IN THE
27 PRIMARY MARKET AREA OF THE TRACK AT WHICH THE LICENSED
28 CORPORATION IS CONDUCTING A MEET AND, IF TWO TRACKS SHARE
29 PRIMARY MARKET AREA AS DEFINED HEREIN, BOTH TRACKS SHALL HAVE
30 EQUAL RIGHTS TO THE MARKET IN THE SHARED AREA.

(E) THE PRIMARY MARKET AREA OF A RACE TRACK, FOR PURPOSES OF THIS ACT, IS DEFINED AS THAT LAND AREA INCLUDED IN A CIRCLE DRAWN WITH THE RACE TRACK AS THE CENTER AND A RADIUS OF 35 AIR MILES.

(F) ANY LICENSED CORPORATION CONDUCTING TELEPHONE ACCOUNT WAGERING MAY PROVIDE A TELEVISION PROGRAM OF ITS RACES IN CONNECTION THEREWITH IF THE TELEVISION SIGNAL IS ENCODED, OR IF A METHOD SATISFACTORY TO THE APPROPRIATE COMMISSION IS PROVIDED TO ENSURE THE SIGNAL IS NOT USED TO ALLOW OR PROMOTE ILLEGAL WAGERING OR TELEPHONE ACCOUNT WAGERING NOT IN COMPLIANCE WITH THE PROVISIONS OF THIS SECTION. AN EXEMPTION SHALL BE PROVIDED FOR COMMERCIAL AND EDUCATIONAL TELEVISION BROADCASTING.

SECTION ~~6~~ 5. SECTION 221(A) OF THE ACT, AMENDED DECEMBER 30, 1983 (P.L.400, NO.93), IS AMENDED TO READ: <—

SECTION 221. RETENTION PERCENTAGES FOR PARI-MUTUEL POOLS.

(A) EVERY LICENSED CORPORATION SHALL DISTRIBUTE THE MONEYS IN ANY PARI-MUTUEL POOL TO THE HOLDERS OF WINNING TICKETS UNDER THE FOLLOWING REQUIREMENTS:

(1) ALL TICKETS SHALL BE PRESENTED FOR PAYMENT BEFORE THE FIRST DAY OF APRIL OF THE YEAR FOLLOWING THE YEAR OF THEIR PURCHASE; AND

(2) SEVENTEEN PERCENT OF THE MONEYS PLUS THE BREAKAGE FROM REGULAR WAGERING POOLS SHALL BE RETAINED BY THE LICENSED CORPORATIONS FOR FURTHER DISTRIBUTION UNDER SECTION 222; OR

(3) NINETEEN PERCENT OF THE MONEYS PLUS THE BREAKAGE FROM REGULAR WAGERING POOLS FROM LICENSED CORPORATIONS WHOSE TOTAL DEPOSITS IN ALL PARI-MUTUEL POOLS AVERAGED LESS THAN \$300,000 PER RACING DAY FOR THEIR PREVIOUS MEETING AT THE SAME FACILITY; OR

(4) [NINETEEN AND SEVEN-TENTHS PERCENT] TWENTY PERCENT

1 OF THE MONEYS PLUS THE BREAKAGE FROM THE EXACTA, DAILY
2 DOUBLE, QUINELLA AND OTHER WAGERING POOLS INVOLVING TWO
3 HORSES EACH RACING DAY SHALL BE RETAINED BY THE LICENSED
4 CORPORATIONS FOR FURTHER DISTRIBUTION UNDER SECTION 222; OR

5 (5) AT LEAST [25.7%] 26% BUT NO MORE THAN 35% OF THE
6 MONEYS PLUS THE BREAKAGE FROM THE TRIFECTA OR OTHER WAGERING
7 POOLS INVOLVING MORE THAN TWO HORSES IN ONE OR MORE RACES
8 EACH RACING DAY SHALL BE RETAINED BY THE LICENSED
9 CORPORATIONS FOR FURTHER DISTRIBUTION UNDER SECTION 222; AND

10 (6) EXCEPT AS PROVIDED FOR IN SUBSECTION (D.1) OF
11 SECTION 222, EVERY CORPORATION MAY RETAIN LESS THAN 17%, 19%
12 OR [19.7%] 20% OF THE MONEYS IN THE WAGERING POOLS UNDER
13 PARAGRAPHS (2), (3) AND (4) OR LESS THAN [25.7%] 26% OF THE
14 MONEYS IN THE WAGERING POOLS UNDER PARAGRAPH (5) UPON
15 APPROVAL FROM THE APPROPRIATE COMMISSION; AND

16 (7) EVERY CORPORATION MAY RETAIN MORE THAN 25% BUT NO
17 MORE THAN 35% OF THE MONEYS IN THE WAGERING POOLS UNDER
18 PARAGRAPH (5) UPON APPROVAL FROM THE APPROPRIATE COMMISSION;
19 AND

20 (8) ALL MONEYS REMAINING IN THE WAGERING POOLS DESCRIBED
21 UNDER PARAGRAPHS (2), (3), (4), (5), (6) AND (7) SHALL BE
22 DISTRIBUTED TO THE HOLDERS OF WINNING TICKETS.

23 * * *

24 SECTION 7 6. SECTION 222(A.1) AND (D.1) OF THE ACT, ADDED <—
25 DECEMBER 30, 1983 (P.L.400, NO.93), ~~IS~~ ARE AMENDED AND THE <—
26 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:
27 SECTION 222. DISTRIBUTION OF MONEYS RETAINED FROM PARI-MUTUEL
28 POOLS; TAXATION.

29 * * *

30 ~~(A.4) AT THE CLOSE OF EACH DAY OF RACING, ALL CORPORATIONS~~ <—

~~LICENSED TO CONDUCT HARNESS RACE MEETINGS OR THOROUGHBRED HORSE
RACE MEETINGS WILL PAY OUT OF THE MONEYS RETAINED ON THAT DAY
UNDER SECTION 221, THROUGH THE DEPARTMENT OF REVENUE FOR CREDIT
TO THE STATE HORSE RACING FUND, THE FOLLOWING TAXES FOR THE TIME
PERIODS STATED:~~

~~(1) FROM JANUARY 1, 1984 THROUGH JUNE 30, 1984 — 3.8%.~~

~~(2) FROM JULY 1, 1984 THROUGH JUNE 30, 1986 — 2.0%.~~

~~(3) AFTER JUNE 30, 1986 — 1.0%.~~

(A.1) AT THE CLOSE OF EACH DAY OF RACING, ALL CORPORATIONS
LICENSED TO CONDUCT HARNESS HORSE RACE MEETINGS OR THOROUGHBRED
HORSE RACE MEETINGS WHICH ANNUALLY CONDUCT AT LEAST 100 DAYS OF
RACING, OR WHEN TWO LICENSED CORPORATIONS CONDUCT THEIR RACE
MEETINGS AT THE SAME FACILITY AND BETWEEN THEM ANNUALLY CONDUCT
AT LEAST 175 DAYS OF RACING, WILL PAY OUT OF THE MONEYS RETAINED
ON THAT DAY UNDER SECTION 221, THROUGH THE DEPARTMENT OF REVENUE
FOR CREDIT TO THE STATE HORSE RACING FUND THE FOLLOWING TAXES
FOR THE TIME PERIODS STATED:

(1) FROM JANUARY 1, 1984 THROUGH JUNE 30, 1984 - 3.8%.

(2) FROM JULY 1, 1984 THROUGH JUNE 30, 1986 - 2.0%.

(3) AFTER JUNE 30, 1986 - 1.5%, EXCEPT AS PROVIDED IN

SUBSECTION (A.4).

* * *

(A.4) ANY CORPORATION WHICH DOES NOT HOLD A LICENSE UNDER
SECTION 209 ON THE EFFECTIVE DATE OF THIS ACT AND WHICH IS
GRANTED A LICENSE UNDER THIS ACT ON OR BEFORE JUNE 30, 1987,
SHALL BE SUBJECT TO PAYMENT OUT OF MONEYS RETAINED UNDER SECTION
221, THROUGH THE DEPARTMENT OF REVENUE FOR CREDIT TO THE STATE
HORSE RACING FUND, OF THE FOLLOWING TAX FOR THE TIME HEREAFTER
STATED: UNTIL JUNE 30, 1990 - 1.0%, AT WHICH TIME SAID LICENSEE
SHALL BE SUBJECT TO THE LAWFUL RATE THEN IN EFFECT UNDER

1 SUBSECTION (A.1)(3).

2 * * *

3 (D.1) AN AMOUNT EQUIVALENT TO [SEVEN-TENTHS OF] ONE PERCENT
4 OF THE AMOUNT WAGERED AT EACH RACING DAY AT THOROUGHBRED AND
5 HARNESS HORSE RACE MEETINGS AS SET FORTH IN SECTION 221(A)(4)
6 AND (5) SHALL BE PAID THROUGH THE DEPARTMENT OF REVENUE FOR
7 CREDIT TO THE STATE RACING FUND.

8 * * *

9 SECTION & 7. SECTIONS 223 AND 224 OF THE ACT, AMENDED
10 DECEMBER 30, 1983 (P.L.400, NO.93), ARE AMENDED TO READ:

<—

11 Section 223. Pennsylvania Breeding Fund.

12 (a) There is hereby created a restricted account in the
13 State Racing Fund to be known as the Pennsylvania Breeding Fund
14 which shall consist of the money appropriated under the
15 provisions of section 222 and which shall be administered by the
16 State Horse Racing Commission.

17 (b) After the deduction of expenses related to the
18 administration and development of the Pennsylvania Breeding Fund
19 program incurred by the Pennsylvania Horse Breeders'
20 Association, the State Horse Racing Commission shall, by rule or
21 regulation, provide for awards as follows:

22 (1) An award of 30% of the purse earned by every
23 registered Pennsylvania-bred thoroughbred horse sired by a
24 registered Pennsylvania sire at the time of conception of the
25 registered Pennsylvania-bred thoroughbred horse, or an award
26 of 20% of the purse earned by every registered Pennsylvania-
27 bred thoroughbred horse sired by a nonregistered sire, which
28 finishes first, second or third in any race conducted by a
29 licensed corporation under this act shall be paid to the
30 breeder of said registered Pennsylvania-bred thoroughbred

1 horse. A single award under this paragraph may not exceed 1%
2 of the total annual fund money.

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

11 (3) An award of 10% of the purse earned by any
12 registered Pennsylvania-bred thoroughbred horse which
13 finishes first in any race conducted by a licensed
14 corporation under this act not restricting entry to
15 registered Pennsylvania-bred thoroughbred horses shall be
16 paid to the licensed owner of said registered Pennsylvania-
17 bred thoroughbred horse at the time of winning. A single
18 award under this paragraph may not exceed .5% of the total
19 annual fund money.

20 (c) Up to one-fifth of the total of the estimated fund
21 moneys remaining each year after the deduction of expenses
22 related to the administration and development of the
23 Pennsylvania Breeding Fund program and the payment of breeder,
24 stallion and owner awards, shall be divided among the licensed
25 corporations that conduct thoroughbred horse race meetings in
26 direct proportion to the rate by which each licensed corporation
27 generated the fund moneys during the previous year to be used
28 solely for purses for Pennsylvania Breeding Fund stakes races
29 which restrict entry to registered Pennsylvania-bred
30 thoroughbred horses.

(d) The fund moneys remaining following disbursements as directed in subsection (b)(1), (2) and (3) and subsection (c) shall be divided among the licensed corporations that conduct thoroughbred horse race meetings in direct proportion to the rate by which each licensed corporation generated the fund moneys during the previous year to be used for purses as follows:

(1) Claiming and nonclaiming Pennsylvania Breeding Fund races which restrict entry to registered Pennsylvania-bred thoroughbred horses.

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

(e) Those Pennsylvania Breeding Fund moneys due licensed corporations as outlined in subsections (c) and (d) but not expended during the calendar year may be carried forth in the fund on the account of said licensed corporations to be expended during the succeeding year in addition to said corporations' fund moneys annually due them for purses.

(f) The Pennsylvania Breeding Fund Advisory Committee, under the jurisdiction of the State Horse Racing Commission, is hereby established and shall be part of the Pennsylvania State Horse Racing Commission. The commission shall consist of five members, all of whom shall be residents of Pennsylvania, to be appointed by the commission by June 1 of each year. The committee shall consist of two members of the Pennsylvania Horse Breeders' Association, one member from the licensed corporations, one

1 member from the association representing horsemen racing in
2 Pennsylvania and one member of the commission. If any member
3 other than the commission member has not been recommended by
4 June 1 of each year, the commission shall make an appointment
5 for the organization failing to so recommend a member of the
6 committee. The committee shall assist and advise the commission
7 under the provisions of this act but shall have no power in
8 administering the fund. The members of the committee shall
9 receive no compensation for their services as members.

10 (g) The State Horse Racing Commission may contract with the
11 Pennsylvania Horse Breeders' Association as the sole responsible
12 body for the registration and records of Pennsylvania-breds. The
13 Pennsylvania Horse Breeders' Association shall advise the
14 commission when called upon and shall determine the
15 qualifications for Pennsylvania-bred thoroughbred horses and
16 Pennsylvania sires. Its registration and record facts are hereby
17 declared as official Pennsylvania records. At the close of each
18 calendar year, the Pennsylvania Horse Breeders' Association,
19 through the Pennsylvania Breeding Fund Advisory Committee, shall
20 submit to the commission for its approval an itemized budget of
21 projected expenses for the ensuing year relating to the
22 administration and development of the Pennsylvania Breeding Fund
23 program. The commission, on no more than a quarterly basis,
24 shall reimburse from the fund the Pennsylvania Horse Breeders'
25 Association for those expenses actually incurred in the
26 administration and development of the Breeding Fund program.
27 Section 224. Pennsylvania Sire Stakes Fund.

28 (a) There is hereby created a restricted account in the
29 State Racing Fund to be known as the Pennsylvania Sire Stakes
30 Fund which shall consist of the money appropriated under the

1 provisions of section 222, ~~and interest earned on that money,~~ <—
2 and which shall be administered by the State Harness Racing
3 Commission.

4 (b) [After] In the calendar year 1986 and thereafter, after
5 deduction of sufficient funds to cover the State Harness Racing
6 Commission's cost of administration, ~~[85%]~~ 80%, unless a smaller <—
7 percentage is necessary in order to comply with the minimum
8 dollar requirement of subsection (e), of all remaining moneys in
9 the Pennsylvania Sire Stakes Fund shall be divided [among the
10 licensed corporations that conduct harness horse race
11 meetings.], subject to the approval of the State Harness Racing
12 Commission, among the licensed corporations that conduct harness
13 horse race meetings. One-fifth of this amount shall be allocated
14 to each licensed corporation. If there is an excess of money due
15 to the restrictions imposed by this subsection, the amount not
16 allocated to licensed racing corporations shall remain in the
17 fund, together with the interest earned on that money,
18 notwithstanding the provisions of subsection (f). Each licensed
19 corporation shall divide the funds received equally for each of:

20 (1) four two-year-old races; one pace for colts, one
21 pace for fillies, one trot for colts and one trot for
22 fillies; and

23 (2) four three-year-old races; one pace for colts, one
24 pace for fillies, one trot for colts and one trot for
25 fillies.

26 (c) Each allotment shall provide purse money for the
27 respective races. The purse money shall be in addition to any
28 entry fees or other funds available.

29 (d) Entry for these races shall be limited to harness horses
30 which were sired by a standardbred stallion regularly standing

1 in Pennsylvania and each race shall be designated a Pennsylvania
2 sire stakes race. The State Harness Racing Commission shall make
3 the provisions and regulations as it shall deem necessary for
4 the proper administration of the entry restriction.

5 (e) The remaining moneys in the Pennsylvania Sire Stakes
6 Fund up to a total of and not exceeding \$20,000 for each
7 agricultural fair AND ONE OR TWO-DAY EVENTS AS DEFINED IN <—
8 HARNESS RACING COMMISSION REGULATIONS shall be divided equally
9 among those agricultural fairs AND ONE OR TWO-DAY EVENTS, NOT TO <—
10 EXCEED MORE THAN FIVE ONE OR TWO-DAY EVENTS PER YEAR AND AS
11 AUTHORIZED BY THE STATE HARNESS RACING COMMISSION, conducting
12 harness horse races for two-year-old and three-year-old harness
13 horses: Provided, however, That in no event shall less than
14 \$225,000 be allocated from the Pennsylvania Sire Stakes Fund and
15 be divided equally among those agricultural fairs AND ONE OR <—
16 TWO-DAY EVENTS conducting these races. Each fair OR ONE OR TWO- <—
17 DAY EVENTS receiving the funds shall divide the total amount
18 equally among all eligible races for two-year-old and three-
19 year-old harness horses and shall apply the funds solely as
20 additional purse funds. Only races to which entry is restricted
21 to Pennsylvania-sired horses shall be eligible. The State
22 Harness Racing Commission shall make the provisions and
23 regulations as it shall deem necessary for the proper
24 administration of [the eligibility restriction] ALL RACING <—
25 PROVIDED FOR IN THIS SUBSECTION.

26 (f) The fund moneys remaining following disbursements as
27 directed in paragraphs (1), (2) and (3) of subsection (b) and
28 subsections (c), (d) and (e) shall, except as provided in
29 subsection (b), be divided among active licensed corporations
30 that conduct harness horse race meetings under this act in

1 direct proportion to the rate by which each licensed corporation
2 generated the fund moneys during the previous year [to]. The
3 fund moneys so divided shall be used for purses as follows:

4 (1) Claiming and nonclaiming Pennsylvania Fund races
5 which restrict entry to registered Pennsylvania-sired harness
6 horses.

7 (2) Claiming and nonclaiming Pennsylvania Fund races
8 which prefer registered Pennsylvania-sired harness horses as
9 starters. In these races, should seven or more registered
10 Pennsylvania-sired harness horses pass the entry box, the
11 race shall be considered closed to horses other than
12 registered Pennsylvania-sired harness horses.

13 Section ~~4. Section 9~~ 8. SECTIONS 225(B)(3) AND (4) AND 229 <—
14 of the act ~~is~~ ARE amended to read: <—

15 SECTION 225. PENNSYLVANIA FAIR FUND. <—

16 * * *

17 (B) THE SECRETARY OF AGRICULTURE SHALL DISTRIBUTE THE MONEYS
18 IN THE FAIR FUND, ANNUALLY, ON OR BEFORE MARCH 1 IN THE
19 FOLLOWING MANNER:

20 * * *

21 (3) FOR REIMBURSEMENT FOR EACH COUNTY AGRICULTURAL
22 SOCIETY AND EACH INDEPENDENT AGRICULTURAL SOCIETY CONDUCTING
23 HARNESS HORSE RACING DURING ITS ANNUAL FAIR OTHER THAN RACES
24 FOR TWO AND THREE-YEAR-OLD COLTS AND FILLIES WHICH RACES ARE
25 PROVIDED FOR IN PARAGRAPH (4), AN AMOUNT OF MONEY EQUAL TO
26 THAT USED DURING THEIR ANNUAL FAIR AS PURSE MONEY FOR HARNESS
27 HORSE RACING, TRACK AND STABLE MAINTENANCE, STARTING GATE
28 RENTAL AND THE COST OF ALL HARNESS HORSE RACING OFFICIALS
29 REQUIRED DURING THEIR ANNUAL FAIR, BUT NOT MORE THAN

30 [\$10,000] \$13,000, A MINIMUM OF [ONE-THIRD] \$4,000 OF WHICH

1 MUST BE USED FOR PURSE MONEY.

2 (4) FOR REIMBURSEMENT FOR EACH COUNTY AGRICULTURAL
3 SOCIETY AND INDEPENDENT AGRICULTURAL SOCIETY CONDUCTING RACES
4 FOR TWO AND THREE-YEAR-OLD COLTS AND FILLIES, AT THEIR ANNUAL
5 FAIR ON WHICH A MAXIMUM OF [\$5,600] \$7,600 WAS PAID ANNUALLY.
6 ENTRANCE FEES COLLECTED FOR EACH SUCH RACE SHALL NOT BE
7 INCLUDED WHEN COMPUTING THE AMOUNT DISTRIBUTED BY THE
8 SECRETARY OF AGRICULTURE UNDER THIS SUBSECTION.

9 * * *

10 Section 229. State horse racing veterinarians and State

11 ~~{steward}~~ stewards. <—

12 (a) The State Horse Racing Commission shall appoint and
13 employ licensed veterinarians and ~~{a steward}~~ stewards to serve <—
14 as the horse racing veterinarians and State ~~{steward}~~ stewards <—
15 for horse racing, respectively, at each meeting conducted by a
16 corporation licensed by the State Horse Racing Commission. The
17 State Horse Racing Commission shall have the authority to employ
18 other individuals as shall be necessary to carry out the
19 responsibilities of this section.

20 (b) The costs and compensation of the horse racing
21 veterinarians, State ~~{steward}~~ stewards and other individuals <—
22 employed shall be fixed and paid by the State Horse Racing
23 Commission.

24 (c) The State Horse Racing Commission shall establish a job
25 description and professional criteria for stewards to assure
26 that they have a working knowledge of the horse racing industry.

27 SECTION ~~10~~ 9. SECTION 234 OF THE ACT, AMENDED APRIL 18, 1985 <—
28 (P.L.4, NO.3), IS AMENDED TO READ:

29 SECTION 234. SIMULCASTING.

30 [THE STATE HARNESS RACING COMMISSION MAY, UPON REQUEST FROM A

1 LICENSED CORPORATION, GRANT PERMISSION TO ANY CORPORATION TO
2 SIMULCAST INTRASTATE HARNESS RACING AT A FACILITY AT WHICH LESS
3 THAN 80 DAYS OF RACING WAS CONDUCTED IN THE PREVIOUS CALENDAR
4 YEAR. NEITHER THE RACING FACILITY OR LICENSED CORPORATION AT
5 SUCH FACILITY SHALL TRANSMIT ANY SIMULCAST SIGNAL TO ANY OTHER
6 RACING FACILITY. SIMULCASTS ARE TO BE OPERATED BY THE LICENSED
7 CORPORATION AT THE RACETRACK ENCLOSURE WHERE A HARNESS RACE
8 MEETING IS BEING CONDUCTED DURING, BETWEEN, BEFORE OR AFTER
9 POSTED RACES FOR THAT RACING DAY. NO MORE THAN 50% OF THE RACES
10 CONDUCTED EACH WEEK (MONDAY THROUGH SUNDAY) SHALL BE SIMULCAST.
11 ALL FORMS OF PARI-MUTUEL WAGERING DESCRIBED IN SECTION 221 SHALL
12 BE ALLOWED ON RACES TO BE TELEVISED BY SIMULCASTING UNDER THIS
13 SECTION. THE STATE HARNESS RACING COMMISSION MAY PROMULGATE
14 REGULATIONS ON WAGERING AND THE OPERATION OF THESE RACES. ALL
15 MONEY WAGERED BY PATRONS ON THESE RACES SHALL BE COMPUTED IN THE
16 AMOUNT OF MONEY WAGERED EACH RACING DAY FOR PURPOSES OF TAXATION
17 UNDER SECTION 222.]

18 THE STATE HORSE RACING COMMISSION AND THE STATE HARNESS
19 RACING COMMISSION MAY PERMIT INTRASTATE SIMULCASTING BETWEEN TWO
20 LICENSED CORPORATIONS WHEN EACH SCHEDULES 95% OF THE RACING DAYS
21 IT INITIALLY SCHEDULED IN 1986 AND ~~95%~~ OF THE AVERAGE NUMBER OF <—
22 LIVE RACES PER RACE DAY SCHEDULED IN 1986 MUST BE EQUAL TO ~~95%~~ <—
23 90% OF THE AVERAGE NUMBER OF LIVE RACES CONDUCTED PER DAY IN
24 1985 SUBJECT TO ANY ACTIONS OR ACTIVITIES BEYOND THE CONTROL OF
25 THE LICENSEE AND AS TO EACH CORPORATION OR ANY CORPORATION
26 CONDUCTING RACING AT THE SAME LOCATION AS THE SENDING OR
27 RECEIVING RACETRACK SUCH INTRASTATE SIMULCASTING SHALL NOT BE
28 PERMITTED UNLESS EACH OR ANY CORPORATION SCHEDULES 95% OF THE
29 RACING DAYS INITIALLY SCHEDULED IN 1986 AND ~~95%~~ OF THE AVERAGE <—
30 NUMBER OF LIVE RACES PER RACE DAY SCHEDULED IN 1986 MUST BE

1 EQUAL TO ~~95%~~ 90% OF THE AVERAGE NUMBER OF LIVE RACES CONDUCTED <—
2 PER DAY AT THAT LOCATION IN 1985 SUBJECT TO ANY ACTIONS OR
3 ACTIVITIES BEYOND THE CONTROL OF THE LICENSEE AT THESE
4 LOCATIONS. FOR LICENSED CORPORATIONS THAT DID NOT SCHEDULE
5 RACING DAYS IN 1986 OR THEREAFTER THE RESPECTIVE COMMISSIONS MAY
6 PERMIT INTRASTATE SIMULCASTING WHEN THE LICENSED CORPORATION
7 SCHEDULES A MINIMUM OF ~~110~~ 80 RACING DAYS IN A CALENDAR YEAR. <—
8 FOR PURPOSES OF THIS SECTION, A RACING DAY SHALL CONSIST OF A
9 MINIMUM OF EIGHT LIVE RACES, EXCEPT AT THOROUGHBRED TRACKS ON
10 BREEDERS' CUP EVENT DAY. FOR ANY LICENSED RACING CORPORATION
11 ENGAGED IN SIMULCASTING, REGARDLESS OF LOCATION OR DISTANCE FROM
12 ANOTHER LICENSED RACING CORPORATION, PRIMARY OR NONPRIMARY
13 LOCATIONS, THERE SHALL EXIST A WRITTEN AGREEMENT WITH THE
14 HORSEMEN'S ORGANIZATION REPRESENTING A MAJORITY OF THE OWNERS
15 AND TRAINERS AT BOTH THE SENDING AND RECEIVING RACETRACKS. IF NO
16 AGREEMENT CAN BE REACHED, THEN THE LICENSED CORPORATION MAY
17 PETITION THE COURT OF COMMON PLEAS IN THE COUNTY IN WHICH THE
18 LICENSED CORPORATION RACETRACK IS LOCATED, WHICH MAY, UPON GOOD
19 CAUSE SHOWN BY THE LICENSED CORPORATION THAT FAILURE TO CONSENT
20 WOULD BE DETRIMENTAL TO THE PENNSYLVANIA RACING INDUSTRY, DIRECT
21 THE ORGANIZATION REPRESENTING THE HORSEMEN TO APPROVE THE
22 SIMULCAST AGREEMENT. THE RESPECTIVE COMMISSION MAY THEN
23 AUTHORIZE THE SIMULCASTING, IF, IN THE OPINION OF THE
24 APPROPRIATE COMMISSION, SUCH SIMULCASTING WILL HAVE SIGNIFICANT
25 VALUE TO THE PENNSYLVANIA RACING INDUSTRY. THE SIMULCAST SIGNAL
26 SHALL BE ENCODED AND THE TRACK ENCLOSURE RECEIVING THE SIMULCAST
27 SIGNAL SHALL NOT SEND THIS SIGNAL ANYWHERE ELSE WITHOUT
28 PERMISSION FROM THE SENDING TRACK. ALL FORMS OF PARI-MUTUEL
29 WAGERING DESCRIBED IN SECTION 221 SHALL BE ALLOWED ON RACES TO
30 BE TELEVISED BY SIMULCASTING UNDER THIS SECTION. THE STATE HORSE

1 RACING COMMISSION AND THE STATE HARNESS RACING COMMISSION MAY
2 PROMULGATE REGULATIONS ON WAGERING AND THE OPERATION OF THESE
3 RACES. ALL MONEY WAGERED BY PATRONS ON THESE RACES SHALL BE
4 COMPUTED IN THE AMOUNT OF MONEY WAGERED EACH RACING DAY FOR
5 PURPOSES OF TAXATION UNDER SECTION 222. ANY CORPORATION THAT
6 DOES NOT SCHEDULE THE REQUIRED NUMBER OF RACING DAYS, AS SET
7 FORTH IN THIS SECTION, SHALL NOT BE PERMITTED TO SIMULCAST THE
8 FOLLOWING YEAR. IN THE EVENT THE SIMULCAST IS BETWEEN A
9 THOROUGHBRED RACETRACK AND A HARNESS RACETRACK, BOTH COMMISSIONS
10 SHALL HAVE JURISDICTION AND ANY APPROVAL REQUIRED HEREUNDER MUST
11 BE RECEIVED FROM BOTH COMMISSIONS: PROVIDED, HOWEVER, THAT IF NO
12 AGREEMENT CAN BE REACHED BETWEEN THE HORSEMEN'S ORGANIZATION
13 AFOREMENTIONED, THEN THE LICENSED CORPORATION MAY PETITION THE
14 COURT OF COMMON PLEAS IN THE COUNTY IN WHICH THE LICENSED
15 CORPORATION RACETRACK IS LOCATED, WHICH MAY, UPON GOOD CAUSE
16 SHOWN BY THE LICENSED CORPORATION THAT FAILURE TO CONSENT WOULD
17 BE DETRIMENTAL TO THE PENNSYLVANIA RACING INDUSTRY, DIRECT THE
18 ORGANIZATION REPRESENTING THE HORSEMEN TO APPROVE THE SIMULCAST
19 AGREEMENT. THE RESPECTIVE COMMISSIONS MAY THEN AUTHORIZE THE
20 SIMULCASTING IF IN THE OPINIONS OF THE RESPECTIVE COMMISSION,
21 SUCH SIMULCASTING WILL HAVE A SIGNIFICANT VALUE TO THE
22 PENNSYLVANIA RACING INDUSTRY.

23 Section ~~5-11~~ 10. The act is amended by adding sections to <—
24 read:

25 Section 235. Commingling.

26 (a) This section shall be applicable only to licensed
27 thoroughbred racing corporations.

28 (b) The race secretary shall receive entries and
29 declarations as an agent for the licensed corporation for which
30 the race secretary acts. The race secretary or an individual

1 designated by the licensed corporation may receive stakes,
2 forfeits, entrance money, jockey's and other fees, purchase
3 money in claiming races and other money that can properly come
4 into his possession as an agent for the licensed corporation for
5 which the race secretary or designee is acting.

6 (c) A licensed corporation shall maintain a separate
7 account, called a Horsemen's Account. Money owing to owners in
8 regard to purses, stakes, rewards, claims and deposits shall be
9 deposited into the Horsemen's Account. Funds in the account
10 shall be recognized and denominated as being the sole property
11 of owners. Deposited funds may not be commingled with funds of
12 the licensed corporation unless a licensed corporation has
13 established, in favor of the organization which represents a
14 majority of the owners and trainers racing with the licensed
15 corporation, an irrevocable clean letter of credit with an
16 evergreen clause. The minimum amount of the credit must be the
17 greater of \$1,000,000 or 110% of the highest monthly balance in
18 the Horsemen's Account in the immediate prior year. To calculate
19 monthly balance in the Horsemen's Account, the sum of the daily
20 balances shall be divided by the number of days in the month.
21 The evergreen clause must provide that, 30 days prior to the
22 expiration of the letter of credit, the financial institution
23 can elect not to renew the letter of credit; that, upon this
24 election, the financial institution must notify the designee of
25 the organization which represents a majority of the owners and
26 trainers racing with the licensed corporation, by registered
27 mail, return receipt requested, of the election not to renew;
28 and that the financial institution will honor the letter of
29 credit for six months after expiration. Purse money earned by
30 owners shall be deposited by the licensed corporation in the

Horsemen's Account within 48 hours after the result of the race in which the money was earned has been declared official and the purse has been released by the commission.

(d) A licensed corporation shall designate a bookkeeper who is authorized to receive and disburse funds from the Horsemen's Account. The bookkeeper must be bonded to provide indemnity for malfeasance, nonfeasance and misfeasance. A certified copy of the bond shall be filed with the commission.

(e) The Horsemen's Account and the investment and deposit schedules relating to the account are subject to examination, at reasonable times, by a designee of the organization which represents a majority of the owners and trainers racing with the licensed corporation and by the commission. The bookkeeper shall provide each owner with access, at reasonable times during a racing day, to the amount of funds in the Horsemen's Account credited to that owner. At the close of a race meeting, the bookkeeper shall mail to each owner a record of deposits, withdrawals and transfers affecting the amount of funds in the Horsemen's Account credited to that owner.

(f) The Horsemen's Account shall be audited periodically as deemed appropriate by the commission. There shall be at least one audit per year. Monthly statements shall be provided to the designee of the organization which represents a majority of the owners and trainers racing with the licensed corporation.

(g) Fifty percent of the money earned as interest on funds in the Horsemen's Account shall be paid to the organization which represents a majority of the owners and trainers racing with the licensed corporation on a weekly basis. This amount shall be for the benefit of the horsemen as determined by the organization which represents the majority of the owners and

trainers racing with the licensed corporation. The remaining 50%
of the interest earned shall be for the benefit of the licensed
corporation which shall have the responsibility to fund all
costs associated with the administration of the fund. Interest
each month must be earned in an amount equal to the Federal
Reserve Discount Rate on the first day of the month.

Section 236. Harness racing purse moneys.

Each licensed harness horse racing association must place on
deposit with the State Harness Racing Commission by March 1 of
each year an irrevocable letter of credit equivalent to ~~their~~ <—
ITS average weekly purse total from the immediate prior year. <—
The commission shall hold the letter of credit in trust for the
harness horsemen racing at that licensed corporation in the
event that purse checks are not issued or that insufficient
funds are available to cover the purse checks.

SECTION 237. LIMITATIONS ON DAY AND NIGHT RACING. <—

(A) FOR THE PURPOSE OF THIS SECTION, DAY RACING SHALL BE
RACING DAYS FOR WHICH THE STARTING TIME FOR THE FIRST RACE IS AT
OR BEFORE 2:00 P.M. AND NIGHT RACING SHALL BE RACING DAYS FOR
WHICH THE STARTING TIME FOR THE FIRST RACE IS AFTER 5:00 P.M.
DAY RACING MAY NOT BE CONDUCTED AT ANY RACING FACILITY AFTER
1985 ON ANY COMPARABLE RACING DAY OR HOLIDAY ON WHICH DAY RACING
WAS NOT CONDUCTED IN 1985 UNLESS ALL PRESENTLY OPERATING
LICENSED CORPORATIONS CONDUCTING DAY RACING AGREE, IN WRITING,
TO ALLOW SUCH DAY RACING ACTIVITIES.

(B) NIGHT RACING MAY NOT BE CONDUCTED AT ANY RACING FACILITY
AFTER 1985 ON ANY COMPARABLE-TYPE RACING NIGHT OR HOLIDAY ON
WHICH NIGHT RACING WAS NOT CONDUCTED IN 1985 UNLESS ALL
PRESENTLY OPERATING RACING FACILITIES CONDUCTING NIGHT RACING
AGREE, IN WRITING, TO ALLOW NIGHT RACING ACTIVITIES.

1 (C) EACH APPROPRIATE COMMISSION SHALL HAVE THE AUTHORITY TO
2 GRANT EXCEPTIONS TO THIS SECTION UPON APPLICATION BY A LICENSED
3 RACING CORPORATION FOR NOT MORE THAN FIVE RACING DAYS PER
4 CALENDAR YEAR WITH RESPECT TO EACH LICENSED CORPORATION. THE
5 PROVISIONS OF THIS SECTION SHALL BE EFFECTIVE UNTIL JULY 1,
6 1991.

7 Section ~~6-12~~ 11. Section 302 of the act is amended to read: <—
8 Section 302. Establishment of the Pennsylvania Race Horse
9 Testing [Laboratory] PROGRAM. <—

10 (a) There is hereby established the Pennsylvania Race Horse
11 Testing [Laboratory] PROGRAM. The [laboratory] PROGRAM shall be <—
12 administered by a management committee composed of the two
13 chairpersons of the commissions and the Secretary of
14 Agriculture. The [laboratory] PROGRAM is placed in and made a <—
15 part of the Department of Agriculture. All costs of the
16 [laboratory] PROGRAM shall be paid by the commissions. ~~The~~ <—
17 ~~commissions shall equally fund a contracted performance audit of~~
18 ~~the laboratory to be conducted by a nongovernmental entity with~~
19 ~~documented expertise to accurately evaluate the laboratory and~~
20 ~~formulate recommendations on staffing, equipment and service.~~
21 ~~The audit shall be completed by July 1, 1987. Copies of the~~
22 ~~audit shall be submitted to the Governor, the President pro~~
23 ~~tempore of the Senate, the Speaker of the House of~~
24 ~~Representatives and the members of the State Government~~
25 ~~Committees of the Senate and the House of Representatives.~~ [The] <—
26 SUBJECT TO ALL PROVISIONS OF THE ACT OF APRIL 9, 1929 (P.L.177, <—
27 NO.175), KNOWN AS "THE ADMINISTRATIVE CODE OF 1929," THAT APPLY
28 TO THE DEPARTMENT, THE management committee shall appoint and
29 direct all personnel AS NECESSARY, establish a facility OR <—
30 CONTRACT FOR THE PROVISION OF TESTING SERVICES, acquire all

1 necessary equipment and supplies and adopt all necessary
2 procedures.

3 (b) The purposes of the Pennsylvania Race Horse Testing
4 [Laboratory] PROGRAM are to analyze samples for the presence in <—
5 race horses of any medication, to develop techniques, equipment
6 and procedures, to collect and test for the presence of
7 medication in race horses, to ascertain permitted tolerance
8 levels or therapeutic dose allowances for medication, to offer
9 consultation and advice to the public on all issues regarding
10 the medication of race horses and to conduct research in
11 medication issues involving race horses.

12 (C) IN ORDER TO EVALUATE THE EFFECTIVENESS OF TESTING <—
13 SERVICES PERFORMED BY PERSONNEL OF THE DEPARTMENT OF AGRICULTURE
14 AND DETERMINE WHETHER THE MANNER IN WHICH THESE SERVICES ARE
15 PROVIDED, THE TESTS UTILIZED AND TOLERANCE LEVELS PERMITTED
16 SHOULD BE MODIFIED, THE COMMISSIONS SHALL EQUALLY FUND A
17 CONTRACTED EVALUATION OF EXISTING LABORATORY SERVICES TO BE
18 CONDUCTED BY A NONGOVERNMENTAL ENTITY WITH DOCUMENTED EXPERTISE
19 TO ACCURATELY EVALUATE EXISTING LABORATORY SERVICES AND
20 FORMULATE RECOMMENDATIONS FOR IMPROVEMENT OF THE TESTING
21 PROGRAM. UPON REVIEW OF THE EVALUATION RESULTS, THE DEPARTMENT
22 MAY IMPLEMENT IN CONSULTATION WITH THE MANAGEMENT COMMITTEE A
23 PROGRAM TO IMPROVE LABORATORY SERVICES INCLUDING, IF NECESSARY
24 AND APPROPRIATE, THE SELECTION OF A CONTRACTOR OR CONTRACTORS TO
25 PROVIDE TESTING SERVICES. THIS STUDY SHALL BE COMPLETED ON OR
26 BEFORE JANUARY 1, 1987, AND COPIES PROVIDED TO THE GOVERNOR, THE
27 PRESIDENT PRO TEMPORE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
28 REPRESENTATIVES AND THE MEMBERS OF THE STATE GOVERNMENT
29 COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES WITHIN
30 15 WORKING DAYS.

1 Section ~~7-13~~ 12. The State Horse Racing Commission and the <—
2 State Harness Racing Commission shall, by regulation, adjust
3 license fee schedules to reflect the three-year terms under
4 section 2 of this act. Under these regulations, licensees who
5 have their licenses revoked and suspended shall not be eligible
6 for complete or proportionate refund of the license fees. All
7 other fees in effect on the effective date of this act, and not
8 inconsistent with this act, shall remain in effect until
9 repealed or amended in the manner provided by law.

10 Section ~~7-14~~ 13. Each rule and regulation of a commission in <—
11 effect on the effective date of this act shall remain in effect
12 after such date until amended by the commission, provided that
13 the commission shall immediately initiate the repeal or
14 amendment of any rule or regulation which is inconsistent with
15 the provisions of this act.

16 Section ~~8-15~~ 14. The presently confirmed members of the <—
17 State Horse Racing Commission and the State Harness Racing
18 Commission, as of the effective date of this act, shall continue
19 to serve as commission members until their present terms of
20 office expire, provided that any present member whose term has
21 expired on or before the effective date of this act shall serve
22 until a successor has been appointed and qualified, but no
23 longer than six months after the effective date of this act.

24 Section ~~9-16~~ 15. This act, with respect to the State Horse <—
25 Racing Commission and the State Harness Racing Commission,
26 constitutes the legislation required to reestablish an agency
27 under the act of December 22, 1981 (P.L.508, No.142), known as
28 the Sunset Act.

29 Section ~~10-17~~ 16. The single-agency requirement of section <—
30 7(a)(2) of the act of December 22, 1981 (P.L.508, No.142), known

1 as the Sunset Act, does not apply to this act.

2 ~~Section 11. (a) Section 5 (section 235(a) through (e))~~ <—
3 ~~shall take effect in six months.~~

4 ~~(b) The remainder of this act shall take effect in 60 days.~~

5 SECTION 18 17. (A) THIS SECTION AND SECTIONS 207(B)(3), <—
6 222, 224 AND 225(B)(3) AND (4) SHALL TAKE EFFECT IMMEDIATELY.

7 (B) SECTION 235(A) THROUGH (E) SHALL TAKE EFFECT IN SIX
8 MONTHS.

9 (C) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 60 DAYS.