
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 328 Session of
1999

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CORRIGAN, CALTAGIRONE, M. COHEN, PESCI, LAUGHLIN, ROBINSON,
WOJNAROSKI, TRELLO, PRESTON AND TANGRETTI, FEBRUARY 3, 1999

REFERRED TO COMMITTEE ON JUDICIARY, FEBRUARY 3, 1999

AN ACT

1 Establishing a Riverboat Gaming Commission; authorizing
2 riverboat gaming upon approval of electorate; providing for a
3 Racetrack Gaming Control Board; authorizing slot machine
4 gaming at racetracks; establishing certain funds; providing
5 for the disbursement of moneys for educational and other
6 purposes; making appropriations; and making a repeal.

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9 prohibiting gaming devices.

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11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 CHAPTER 1

14 GENERAL PROVISIONS

15 Section 101. Short title.

16 This act shall be known and may be cited as the Gaming
17 Control Act.

18 Section 102. Declaration of policy.

19 The General Assembly finds and declares as follows:

20 (1) The development of riverboat gaming in this
21 Commonwealth will benefit the economy of this Commonwealth,
22 resulting in new opportunities for business and industry, and
23 so generate additional tax revenues from those commercial
24 activities for the support of necessary public purposes.

25 (2) The development of the riverboat gaming industry
26 will contribute significantly to the continuing growth of the
27 hospitality and tourism industry in this Commonwealth, the
28 creation of new jobs for the general welfare of our citizens
29 and provide additional revenues for this Commonwealth.

30 (3) The conduct of riverboat gaming in a limited number

1 of locations which have a sufficient market base to support
2 gaming and which have access to transportation, labor and
3 service resources will support the industry and thereby
4 achieve the greatest possible benefits with respect to job
5 creation, tax revenues and reduction and tourism.

6 (4) The regulation of riverboat gaming is important in
7 order that gaming be conducted honestly and competitively and
8 that gaming is free from criminal and corruptive elements.

9 (5) Public confidence and trust in riverboat gaming
10 operations will be advanced by the enactment of a legislative
11 framework that will strictly regulate all persons, locations,
12 practices and associations related to gaming operations.

13 (6) Persons who own any direct or indirect material
14 interest in riverboat gaming operations should be licensed
15 and controlled to protect the public health, safety, welfare
16 and morals of the citizens of this Commonwealth.

17 (7) Operators and certain employees of riverboats
18 conducting gaming operations should be regulated, licensed
19 and controlled to accomplish and promote the above public
20 policies while protecting the public health, safety, welfare
21 and morals of the citizens of this Commonwealth.

22 (8) It is the intent of this act, where at all possible
23 and to the extent allowable by law, to utilize the resources,
24 goods, labor and services of the citizens of this
25 Commonwealth in the construction and equipping, operation and
26 servicing of riverboats and their related amenities.

27 (9) It is the intent of this act to reduce the amount of
28 Pennsylvania dollars exported to other jurisdictions offering
29 gaming entertainment.

30 (10) The General Assembly recognizes that several

1 neighboring states of this Commonwealth have approved or are
2 considering the approval of gaming devices at licensed
3 racetrack facilities.

4 (11) This competition is adversely affecting the racing
5 industry in this Commonwealth, which is a significant
6 component of the Commonwealth's agricultural industry and a
7 major contributor to the preservation of 520,000 acres of
8 open space and agricultural land devoted to breeding, raising
9 and training horses.

10 (12) This competition threatens the 35,000 jobs that
11 Pennsylvania racing supports.

12 (13) This competition jeopardizes the \$752,000,000 total
13 annual economic output and the capital facilities worth an
14 estimated \$1,200,000,000 that Pennsylvania racing produces in
15 this Commonwealth.

16 (14) The General Assembly believes that permitting
17 limited gaming by the installation and operation of slot
18 machines at Pennsylvania's racetracks enhances their existing
19 business purposes of preserving live racing, wagering,
20 tourism, entertainment and employment.

21 (15) The General Assembly declares the following
22 objectives:

23 (i) Ensure that this Commonwealth's horse racing
24 industry remains competitive with neighboring states.

25 (ii) Positively assist this Commonwealth's horse
26 racing industry to produce additional tax revenues and to
27 create new jobs.

28 (iii) Promote the further growth of tourism by
29 offering limited forms of regulated gaming at licensed
30 racetracks where live horse racing takes place.

1 (iv) Strictly monitor and control any limited gaming
2 activity by the regulation and licensing of all specified
3 locations, persons, associations, practices and
4 activities.

5 (v) Strictly monitor and control the manufacturers
6 and distributors of any slot machine installed at
7 racetracks.

8 (vi) Establish strict financial integrity and
9 eligibility requirements which would include public
10 disclosure of ownership and interest.

11 (vii) Prohibit slot machines at nonprimary locations
12 without further action by the General Assembly.

13 (viii) Take into consideration the social effect of
14 such gaming and any potential for addictive behavior.

15 Section 103. Application of act.

16 This act applies only to riverboat gaming and slot machine
17 gaming at racetracks. It does not apply to pari-mutuel wagering,
18 the State lottery, bingo or any other type of gaming.

19 CHAPTER 3

20 PENNSYLVANIA WATERFRONT DEVELOPMENT AND RIVERBOAT

21 GAMING

22 Section 301. Definitions.

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

26 "Adjusted gross receipts." Gross receipts less winnings paid
27 to wagerers.

28 "Affiliate" or "affiliated company." A person or a company
29 that directly or indirectly, through one or more intermediaries,
30 controls, is controlled by or is under common control with a

1 specified person.

2 "Applicant." A person, including a company, who has applied
3 for a license or a finding of suitability under this chapter.

4 "Application." A request for the issuance of a license or a
5 finding of suitability under this chapter.

6 "Board." The Board of Finance and Revenue.

7 "Chairman." The chairman of the Riverboat Gaming Commission.

8 "Cheat." To alter the selection of criteria which determine
9 the result of a game or the amount or frequency of payment in a
10 game.

11 "Commission." The Riverboat Gaming Commission established in
12 section 302.

13 "Commissioner." A member of the Riverboat Gaming Commission.

14 "Company." A corporation, partnership, limited partnership,
15 trust, association, joint stock company, joint venture, limited
16 liability company or other form of business organization which
17 is not a natural person.

18 "Creditor interest." With respect to any person, any right
19 or claim, of whatever character, against such person for the
20 payment of money borrowed, whether secured or unsecured, matured
21 or unmatured, liquidated, absolute, fixed or contingent and
22 including obligations based upon such person's earnings, profits
23 or receipts.

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

25 "Dock." The location where a riverboat gaming watercraft is
26 moored for the purpose of embarking and disembarking patrons and
27 for the conduct of dockside gaming.

28 "Eligible county." A first class county, second class
29 county, second class A county, third class county or fourth
30 class county.

1 "Eligible waters." Any rivers or lakes existing on the
2 effective date of this chapter within any eligible county in
3 this Commonwealth which are used or are susceptible to being
4 used as arteries of commerce. No portion of any river or lake
5 that is within the boundaries of any national, State, county or
6 municipal park, nature preserve or other similar preserve shall
7 be considered eligible waters.

8 "Executive director." The executive director of the
9 Riverboat Gaming Commission, including, where appropriate, his
10 employees.

11 "Equity Interest." With respect to any company, any
12 proprietary right or claim allowing the holder either to vote
13 with respect to matters of organizational governance or
14 participate in the profits and residual assets of such company.
15 The term includes, without limitation:

16 (1) Common and preferred stock in a corporation.

17 (2) General and limited partnership interests in a
18 partnership and similar interests in any other form of
19 business organization.

20 (3) Any warrant, right or similar interest convertible
21 into, or to subscribe for any of the foregoing, with or
22 without payment of additional consideration.

23 "Family." The spouse, parents, children and siblings of a
24 natural person.

25 "Finding of suitability." A determination by the Riverboat
26 Gaming Commission under section 343.

27 "Game." Any banking, nonbanking or percentage game played
28 with cards, with dice or with any mechanical, electromechanical
29 or electronic device or machine for money, property, checks,
30 credit or any representation of value, including, without

1 limiting the generality of the foregoing, acey-deucey, beat the
2 dealer, bouncing ball, faro, monte, roulette, keno, fan-tan,
3 twenty-one, blackjack, Caribbean poker, seven-and-a-half,
4 klondike, craps, poker, Red-dog sic bo, chuck-a-luck (dai shu),
5 wheel of fortune, big six wheel, chemin de fer, baccarat,
6 minibaccarat, paigow, beat the banker, panguingui, slot machine
7 (including progressive slot machines) or any other game or
8 device approved by the Riverboat Gaming Commission. The term
9 does not include:

10 (1) Pari-mutuel betting on the outcome of horse racing
11 as authorized under the act of December 17, 1981 (P.L.435,
12 No.135), known as the Race Horse Industry Reform Act.

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

15 (3) Small games of chance as authorized by the act of
16 December 19, 1988 (P.L.1262, No.156), known as the Local
17 Option Small Games of Chance Act.

18 (4) The Pennsylvania State Lottery as authorized under
19 the act of August 26, 1971 (P.L.351, No.91), known as the
20 State Lottery Law.

21 "Gaming." To deal, operate, carry on, conduct, maintain or
22 expose for play any game.

23 "Gaming device." Any mechanical, electromechanical or
24 electronic contrivance, component or machine used in connection
25 with gaming or any game which affects the result of a wager by
26 determining win or loss. The term includes, without limitation,
27 slot machines and video lottery terminals, but does not include
28 dice, cards or other nonmechanical instrumentalities that may be
29 used in a game.

30 "Gaming employee." Any person connected directly with the

operation of a gaming establishment licensed to conduct any
game, including:

- (1) Boxmen.
- (2) Cashiers.
- (3) Change personnel.
- (4) Counting room personnel.
- (5) Dealers or croupiers.
- (6) Floormen.
- (7) Hosts or other persons empowered to extend credit or
complimentary services.
- (8) Keno runners.
- (9) Keno writers.
- (10) Machine mechanics.
- (11) Security personnel.
- (12) Shift or pit bosses.
- (13) Supervisors or managers and assistant supervisors
and managers.
- (14) Ticket writers.
- (15) Cage personnel.
- (16) Collection personnel.
- (17) Credit executives.
- (18) Accounting or internal auditing personnel who are
directly involved in any recordkeeping or the examination of
records associated with revenue from gaming.
- (19) Employees of a person holding a supplier license
whose duties are directly involved with manufacture, repair
or distribution of slot machines or gaming devices within
this Commonwealth. The term does not include bartenders,
cocktail servers or other persons engaged in preparing or
serving food or beverages, secretarial and janitorial

1 personnel, stage, sound and light technicians and other
2 nongaming personnel.

3 "Gross receipts." The total amount of money spent by
4 riverboat patrons on games.

5 "Host municipality." A city, borough, incorporated town or
6 township within an eligible county in which an applicant for an
7 operator license or an operator licensee has docked or, in the
8 case of an applicant, proposes to dock a riverboat.

9 "Institutional investor" or "institutional lender." These
10 terms shall mean:

11 (1) A bank as defined in section 3(a)(6) of the Federal
12 Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. §
13 78c (a)(6)).

14 (2) An insurance company as defined in section 2(a)(17)
15 of the Investment Company Act of 1940 (54 Stat. 789, 15
16 U.S.C. § 80a-2(2)(17)).

17 (3) An investment company registered under section 8 of
18 the Investment Company Act of 1940.

19 (4) An investment adviser registered under section 203
20 of the Investment Advisers Act of 1940 (54 Stat. 847, 15
21 U.S.C. § 80b-3).

22 (5) Collective trust funds as defined in section
23 3(c)(11) of the Investment Company Act of 1940.

24 (6) An employee benefit plan or pension fund that is
25 subject to the Employee Retirement Income Security Act of
26 1974, (Public Law 93-406, 88 Stat. 829), excluding an
27 employee benefit plan or pension fund sponsored by a publicly
28 traded corporation licensed by the Riverboat Gaming
29 Commission.

30 (7) A Federal or State Government pension plan.

(8) A group comprised entirely of institutional investors or institutional lenders specified in paragraphs (1) through (7).

(9) Such other persons as the Riverboat Gaming Commission may determine for reasons consistent with the Commonwealth policies expressed in section 102.

To qualify as an institutional investor or lender, a person or company other than a Federal or State pension plan must meet the requirements of a "qualified institutional buyer" as defined in Rule 144A of the Securities Exchange Commission.

"Key executive." Any executive who is a department head of an operator licensee or has the power to exercise a significant influence over decisions concerning any part of the gaming operations of the operator licensee or whose compensation exceeds an amount determined by regulation of the Riverboat Gaming Commission.

"License." Any temporary or permanent license awarded pursuant to this chapter.

"Licensee." Any person to whom a valid license has been awarded pursuant to this chapter.

"Negotiable instrument." A writing which evidences a gaming debt owed to a person who holds an operator license at the time the debt is created and includes any writing taken in consolidation, redemption or payment of a prior negotiable instrument.

"Occupational license." A license awarded under this chapter.

"Occupational licensee." Any person holding an occupational license.

"Operator license." A license issued by the Riverboat Gaming

1 Commission under this chapter which authorizes the person who
2 holds the license to engage in gaming.

3 "Operator licensee." Any person holding an operator license.

4 "Party officer." The following members or officers of any
5 political party:

6 (1) A member of a national committee.

7 (2) A chairman, vice chairman, secretary, treasurer or
8 counsel of a Commonwealth committee or member of the
9 executive committee of a Commonwealth committee.

10 (3) A county chairman or vice chairman or counsel,
11 secretary or treasurer of a county committee.

12 (4) A city chairman or vice chairman or counsel,
13 secretary or treasurer of a city committee.

14 (5) A borough chairman or vice chairman or counsel,
15 secretary or treasurer of a borough committee.

16 (6) A town chairman or vice chairman or counsel,
17 secretary or treasurer of a town committee.

18 (7) A township chairman or vice chairman or counsel,
19 secretary or treasurer of a township committee.

20 "Person." A natural person or a company.

21 "Public official." Any elected or appointed official or
22 employee in the executive, legislative or judicial branch of the
23 Commonwealth or any political subdivision. The term does not
24 include members of advisory boards which have no authority to
25 expend public funds other than reimbursement for personal
26 expense or to otherwise exercise the power of the Commonwealth
27 or any political subdivision; nor does the term include any
28 appointed official who receives no compensation other than
29 reimbursement for actual expenses.

30 "Publicly traded corporation." A company which:

(1) has one or more classes of securities registered pursuant to section 12 of the Securities Exchange Act of 1934 (48 Stat. 881 15 U.S.C. § 781 et seq.);

(2) is an issuer subject to section 15(d) of the Securities Exchange Act of 1934. The term does not include any company or other legal entity which has securities registered or is an issuer under paragraph (1) solely because it:

(i) guaranteed a security issued by an affiliated company pursuant to a public offering; or

(ii) is considered by the Securities and Exchange Commission to be a coissuer of a public offering of securities pursuant to 17 C.F.R. § 230.140 (relating to definition of "distribution" in section 2(11) for certain transactions).

"Regulation." A rule, regulation, standard, directive or statement of general applicability which is promulgated under this chapter in the administration of this chapter and which effectuates the law or policy or which describes the procedure or requirements of the Riverboat Gaming Commission. The term does not include:

(1) A statement concerning only the internal management of the Riverboat Gaming Commission and not affecting the rights or procedures available to any licensee or other person.

(2) A declaratory ruling or order.

(3) An interagency memorandum.

(4) The Riverboat Gaming Commission's decision or order in a contested case or relating to an application for a license.

1 "Riverboat." Every description of watercraft on which
2 gaming, dockside or otherwise, is conducted in accordance with
3 this chapter. The watercraft need not be self-propelled and may
4 be permanently moored.

5 "Slot machine." Any mechanical, electrical,
6 electromechanical or other device, contrivance or machine
7 (including video lottery terminals) which, upon insertion of a
8 coin, token or similar object or upon payment of any
9 consideration, is available to play or operate, the play or
10 operation of which, whether by reason of the skill of the
11 operator or application of the element of chance, or both, may
12 deliver or entitle the person playing or operating the machine
13 to receive cash, premiums, merchandise, tokens or anything of
14 value, whether the payoff is made automatically from the machine
15 or in any other manner.

16 "Supplier." Any person who manufactures, distributes,
17 assembles, produces, sells, leases or otherwise provides gaming
18 devices.

19 "Supplier license." A license awarded under this chapter.

20 "Supplier licensee." Any person holding a supplier license.

21 "Valid petition." A petition signed by a number of electors
22 equal to at least 25% of the highest vote cast in the eligible
23 county for any office at the last preceding general election.

24 Section 302. Riverboat Gaming Commission established.

25 An independent commission to be known as the Riverboat Gaming
26 Commission is hereby established.

27 Section 303. Composition and governance of Riverboat Gaming
28 Commission.

29 (a) Composition of commission.--The commission shall consist
30 of seven members appointed by the Governor under the provisions

1 of section 207.1(d) of the act of April 9, 1929 (P.L.177,
2 No.175), known as The Administrative Code of 1929. The Governor
3 shall appoint each of the initial members of the commission
4 within 30 days of the effective date of this chapter.

5 (b) Terms of office.--The members of the commission shall
6 serve three-year terms, except that the terms of the initial
7 appointments shall be staggered with three members' terms
8 expiring two years after their initial appointments.
9 Commissioners may not serve on the commission for more than two
10 terms, consecutively or otherwise.

11 (c) Vacancies.--Vacancies in the commission occurring
12 otherwise than by expiration of term shall be filled for the
13 unexpired term in the same manner as original appointments.

14 (d) Qualifications.--The members of the commission shall
15 meet the following requirements:

16 (1) The member shall be a United States citizen and
17 resident of this Commonwealth.

18 (2) The member shall not hold any elective or appointed
19 office in the executive, legislative or judicial branch of
20 the Commonwealth or any political subdivision.

21 (3) The member shall not be an officer or official of
22 any political party.

23 (4) The member shall not during the period commencing
24 two years prior to the appointment have held a direct or
25 indirect interest in a licensee.

26 (5) The member shall not have any direct or indirect
27 financial interest in gaming, in a riverboat or in any person
28 holding a license awarded under this chapter; nor shall any
29 member of the commissioner's family have any such interest.

30 (6) No member shall be appointed who has been convicted

1 of any crime, excluding summary convictions.

2 (e) Officers.--The Governor shall designate one member to
3 serve as chairman of the commission. The commission shall select
4 from its membership a vice chairman and whatever other officers
5 the commission deems necessary.

6 (f) Oath of office.--An appointee before entering upon the
7 duties of commissioner shall swear that he is not financially
8 interested in any company or person holding an operator license
9 and that he will abide by the terms of this chapter and
10 regulations promulgated by the commission and all statutory and
11 regulatory provisions of this Commonwealth that apply to this
12 chapter. The oath shall be filed in the Office of the Secretary
13 of State.

14 (g) Removal.--Any member of the commission shall be removed
15 from office by the Governor regardless of any unexpired term of
16 appointment for incompetency, misconduct, willful neglect of
17 duty or other conduct evidencing unfitness for the office,
18 including, but not limited to, violation of the oath of office.

19 (h) Compensation and expenses.--The members of the
20 commission shall be compensated at a rate of \$125 per day and
21 shall receive reimbursement for their actual and necessary
22 expenses while performing the business of the commission.

23 Section 304. Meetings of Riverboat Gaming Commission.

24 (a) Regular and special meetings.--Regular and special
25 meetings of the commission may be held at the discretion of the
26 commission and at such times and places as it may deem
27 convenient, but at least one regular meeting shall be held each
28 month. The provisions of 65 Pa.C.S. Ch. 7 (relating to open
29 meetings) shall apply to the commission, except that commission
30 meetings may be closed to discuss information deemed

1 confidential pursuant to 65 Pa.C.S. Ch. 7 or to section 312.

2 (b) Voting requirements.--Five members shall constitute a
3 quorum for the purpose of conducting the business of the
4 commission and for all other purposes. All actions of the
5 commission shall be taken by a majority of the members, and in
6 no event fewer than four members, unless specific provisions of
7 this chapter require the action of a super majority. Five
8 affirmative votes shall be necessary to approve any question
9 before the commission that this chapter requires to be
10 determined by super majority vote.

11 Section 305. Ethics.

12 (a) Code of ethics.--The commission shall adopt a code of
13 ethics for commission members, employees and agents and shall
14 provide that none of these shall be permitted to engage in
15 gaming activities in an establishment licensed by the
16 commission, except in the course of a person's duties. No person
17 who has served as a commissioner shall accept employment from a
18 licensed operator for a period of two years after termination of
19 his duties as a commissioner.

20 (b) Statutes applying to commission.--The commission, its
21 members and all of its employees shall be subject to 65 Pa.C.S.
22 Ch. 11 (relating to ethical standards and financial disclosures)
23 and the act of July 19, 1957 (P.L.1017, No.451), known as the
24 State Adverse Interest Act, except that if any provision of this
25 chapter is in conflict with the provisions of either 65 Pa.C.S.
26 Ch. 11 or the State Adverse Interest Act, the provision
27 requiring the more restrictive conduct shall control.

28 Section 306. Powers and duties.

29 (a) General powers and duties.--The commission shall have
30 full jurisdiction over and shall supervise all construction,

1 location and operations of riverboat gaming.

2 (b) Specific duties.--The commission shall have the powers
3 and its duties shall be:

4 (1) To investigate and determine the eligibility of
5 applicants for a license and to select among competing
6 applicants the applicant or applicants which best serve the
7 interests of the citizens of this Commonwealth.

8 (2) To regulate and adopt standards for all riverboat
9 operations.

10 (3) To establish specifications for the design,
11 appearance, accommodation and construction of any riverboats
12 and to require mandatory inspections to insure compliance.
13 Under no circumstances shall this power supersede any
14 provision of any zoning ordinance adopted in conformity with
15 the act of July 31, 1968 (P.L.805, No.247), known as the
16 Pennsylvania Municipalities Planning Code, or the act of May
17 6, 1929 (P.L.1551, No.469), entitled, "An act authorizing
18 cities of the first class to adopt and enforce zoning
19 ordinances; regulating and restricting the height, location,
20 size, bulk and use of buildings and/or land, the areas to be
21 occupied by buildings in proportion to the size of the lots
22 upon which they stand, the size of courts, yards and other
23 open spaces appurtenant thereto, and the density of
24 population, and for these purposes to establish districts and
25 boundaries; to designate and regulate residential, commercial
26 and industrial or other uses within such districts and
27 boundaries; and providing for the appointment of a zoning
28 commission and a board of adjustment, the creation of a
29 bureau of zoning, and setting forth the duties and functions
30 of said commission, board and bureau; providing for the

1 administration and enforcement of rules and ordinances
2 authorized by this act, and penalties for violations
3 thereof."

4 (4) To determine in accordance with this chapter which
5 games may be played on riverboats and ensure that the games
6 so authorized are conducted fairly. No gaming device shall be
7 set to pay out less than 80% of all wagers.

8 (5) To maintain accurate and complete records of the
9 proceedings of the commission and to certify such records as
10 may be appropriate. The provisions of the act of June 21, 1957
11 (P.L. 390, No. 212), referred to as the Right-to-Know Act,
12 shall apply to the commission, except that the provisions of
13 this chapter shall be deemed to control with respect to any
14 documents or communications deemed confidential or privileged
15 pursuant to section 312.

16 (6) To levy and provide for the collection of
17 application fees and license fees and of fines and penalties
18 for violations of this chapter or the rules and regulations
19 promulgated by the commission. All such fees, fines and
20 penalties shall be paid to the State Treasurer through the
21 commission and credited to the Gaming Commission Fund.

22 (7) To enforce the civil provisions of this chapter and
23 to prosecute violations of those provisions.

24 (8) To cooperate with and assist the Pennsylvania State
25 Police and the various district attorneys of this
26 Commonwealth, who shall have primary responsibility for the
27 enforcement of the criminal provisions of this chapter.

28 (9) To cooperate with the department in administering
29 the collection of taxes under this chapter.

30 (10) To conduct hearings pertaining to civil violations

1 of this chapter or rules and regulations promulgated by the
2 commission.

3 (11) To insure that minority groups are represented in
4 the ownership and operation of riverboats and related
5 business activities as described in this chapter.

6 (12) To submit to the Governor and to the General
7 Assembly an annual report which shall include a statement of
8 receipts and disbursements by the commission and the
9 Riverboat Gaming Fund, an account of the commission's actions
10 and any other information which the commission deems
11 significant or which the Governor and the General Assembly
12 may request.

13 (13) To promulgate such regulations as may be necessary
14 to implement this chapter.

15 (c) Specific powers.--In addition to the powers and duties
16 set forth elsewhere in this chapter, the commission shall have,
17 without limitation, the following specific powers:

18 (1) To have jurisdiction over all gaming operations
19 governed by this chapter.

20 (2) To adopt regulations for the issuance of licenses or
21 determinations of suitability consistent with the standards
22 set forth in this chapter.

23 (3) To classify occupational licenses according to the
24 nature of the occupation and to establish regulations
25 relating to the issuance of the various classes of
26 occupational licenses.

27 (4) To prescribe rules and regulations governing the
28 manufacture, distribution, sale, operation and servicing of
29 gaming devices.

30 (5) To prescribe the manner in which winnings,

1 compensation from games and gaming devices and gaming revenue
2 must be computed and reported by licensed operators.

3 (6) To prescribe financial reporting requirements for
4 licensed operators.

5 (7) To approve internal control procedures for gaming
6 licensees that are within accepted industry standards.

7 (8) To conduct audits of licensees.

8 (9) To prescribe in conjunction with the department the
9 manner of computing and collecting taxes authorized by this
10 chapter.

11 (10) To require any applicant for a license or a finding
12 of suitability under this chapter to pay the costs of a
13 background investigation which are not covered by the
14 application fee.

15 (11) To require any applicant for a license or a finding
16 of suitability to provide one or more sets of fingerprints
17 and to require the applicant to bear the costs associated
18 with the search and classification of the fingerprints.

19 (12) To enter riverboats, offices, facilities and other
20 places of business of a licensee to obtain evidence of
21 compliance or noncompliance with and to enforce the
22 provisions of this chapter.

23 (13) To investigate alleged violations of this chapter
24 or commission rules, regulations, orders or decisions and, in
25 the course of such investigations, to seize and impound books
26 and records of operations, supplies, equipment, cash boxes,
27 counting rooms, games or gaming devices and to take
28 appropriate disciplinary action against a licensee for a
29 violation or refer the same to the appropriate law
30 enforcement agency.

1 (14) To adopt regulations establishing the reasons for
2 and the procedures by which persons may be ejected from
3 riverboats and providing for the establishment of a list of
4 persons to be excluded from riverboats. The regulations may
5 provide for ejectment or exclusion of persons who have
6 violated this chapter or regulations promulgated by the
7 commission or when the person's presence is deemed
8 detrimental to the best interests of riverboat gaming.

9 (15) To impose civil fines and penalties for violations
10 of this chapter.

11 (16) To issue emergency orders regarding the
12 navigability of eligible waters in the event of extreme
13 weather conditions, acts of God and similar circumstances
14 should an operator licensee offer excursions for the purpose
15 of conducting gaming activities.

16 (17) To issue subpoenas requiring the attendance of
17 witnesses and subpoenas duces tecum requiring the production
18 of documents, to appoint hearing officers and to administer
19 oaths and affirmations to witnesses, as may be required to
20 administer and enforce this chapter.

21 (18) To prescribe the manner and method of drug testing
22 for employees of the commission and for persons employed on
23 riverboats.

24 (19) To issue orders in accordance with this chapter and
25 regulations promulgated by the commission, granting,
26 revoking, suspending, limiting or making conditional any
27 license or finding of suitability issued under this chapter.

28 (20) To suspend a license or finding of suitability
29 issued under this chapter without notice or hearing if the
30 commission finds that the safety or health of patrons or

1 employees is jeopardized by the licensee's continued
2 operation or if the issuance of an emergency order is
3 otherwise warranted under circumstances set forth in
4 regulations and procedures promulgated by the commission.

5 (21) To delegate to the executive director and staff of
6 the commission the execution of any of its powers under this
7 chapter for the purpose of administering and enforcing this
8 chapter and its rules and regulations, provided that such
9 delegation shall be in accordance with standards established
10 by the commission and the laws of this Commonwealth.

11 (22) To develop and implement forms to be used for the
12 purposes of this chapter.

13 (23) To adopt, use and alter at will a corporate seal.

14 (24) To sue and be sued, implead and be impleaded,
15 complain and defend in all courts.

16 (25) To make and enter into contracts and other
17 instruments necessary or convenient for the conduct of its
18 business and the exercise of the powers of the commission.

19 (26) To retain counsel and auditors to render such
20 professional services as the commission deems appropriate.
21 The commission shall not be considered either an executive
22 agency or an independent agency for the purpose of the act of
23 October 15, 1980 (P.L.950, No.164), known as the Commonwealth
24 Attorneys Act, but shall possess the same status for such
25 purpose as the Auditor General, the State Treasurer and the
26 Pennsylvania Public Utility Commission. The commission,
27 through its legal counsel after consultation with the
28 Attorney General, shall defend actions brought against the
29 commission or its members, officers, officials and employees
30 when acting within the scope of their official duties.

1 (27) To acquire, by gift or otherwise, purchase, hold,
2 receive, lease, sublease and use any franchise, license or
3 property, real, personal or mixed, tangible or intangible, or
4 any interest in such property, and to sell, transfer, lease,
5 convey and dispose of any property, real, personal or mixed,
6 tangible or intangible, or any interest in such property, all
7 as may be necessary or convenient to implement this chapter.

8 (28) To accept from, purchase or borrow equipment,
9 supplies, services or other things necessary or convenient to
10 the work of the commission from any government agencies, and
11 all government agencies are authorized to sell, lend or grant
12 to the commission the equipment, supplies, services or other
13 things necessary or convenient for the work of the
14 commission.

15 (29) To enter into contracts for individual or group
16 insurance and to contribute to retirement plans for the
17 benefit of its employees and to enroll its employees in an
18 existing retirement system of a government agency.

19 (30) To take any other action that may be reasonable or
20 appropriate to implement and enforce this chapter and
21 commission regulations, orders, decisions and rulings.

22 Section 307. Executive director.

23 (a) Appointment.--The commission shall appoint an executive
24 director who shall serve at the pleasure of the commission.

25 (b) Qualifications.--The person appointed by the commission
26 as executive director shall:

27 (1) Have at least ten years of responsible
28 administrative experience in public or business
29 administration or possess broad and recognized management
30 skills.

1 (2) Meet the same qualification criteria and be subject
2 to the same disqualification criteria, as required of
3 appointees to the commission under section 303.

4 (3) Take the same oath of office as appointees to the
5 commission and abide by the same statutes and codes referred
6 to in that oath.

7 (4) Devote full time and attention to the duties
8 assigned under this chapter and not hold any other
9 employment.

10 (c) Background investigation.--The Pennsylvania State Police
11 shall conduct a thorough background investigation of any person
12 under consideration for the position of executive director prior
13 to his appointment and provide the results of the investigation
14 to the commission.

15 (d) Salary.--The annual salary and other compensation of the
16 executive director shall be set by the commission.

17 (e) Duties.--The executive director shall have the following
18 duties:

19 (1) To maintain all commission records and preserve all
20 applications, records, books and other documents submitted to
21 the commission or entrusted to its care.

22 (2) To administer the provisions of this chapter and the
23 regulations of the commission relating to the confidentiality
24 and disclosure of documents and information.

25 (3) To hire personnel necessary to implement and
26 accomplish the purposes of this chapter.

27 (4) To develop a commission budget which will be
28 submitted to and approved by the commission.

29 (5) To sign contracts on behalf of the commission which
30 the commission has approved by resolution or otherwise.

1 (6) To make purchases authorized by the commission.

2 (7) To perform any and all duties assigned by the
3 commission.

4 Section 308. Establishment and use of Gaming Commission Fund;
5 fiscal affairs of Riverboat Gaming Commission.

6 (a) Establishment of fund.--All fees, fines, penalties and
7 other moneys paid, received, recovered and collected under the
8 provisions of this chapter, except the Riverboat Gaming Tax and
9 the admissions tax, shall be placed in a separate fund by the
10 State Treasurer to be known as the Gaming Commission Fund. All
11 interest received on the Gaming Commission Fund shall be
12 credited to the Gaming Commission Fund.

13 (b) Purposes of fund.--The Gaming Commission Fund shall be
14 used for the following purposes:

15 (1) Payment of all administrative expenses of the
16 commission, including, without limitation, expenses incident
17 to processing, investigating and issuing licenses and
18 determinations of suitability.

19 (2) Payment of the salaries, wages, compensation and
20 expenses of the commissioners, the executive director and the
21 agents, employees and other persons who may be required to
22 perform work for the commission pursuant to this chapter.

23 (3) Purchase of such furniture, furnishings, stationery
24 supplies, materials, equipment, fuel, motor vehicles and
25 printing and binding materials as may be necessary to the
26 conduct of the work of the commission.

27 (4) Payment of moneys due for the purchase, lease or
28 rental of any offices required by the commission.

29 (5) Payment of contingent, incidental or other expenses
30 reasonably necessary to carry on the work of the commission.

(6) Allocation by the commission of at least \$1,000,000 annually for the purpose of treating compulsive gambling in Pennsylvania. Approximately one-half of this amount should be earmarked for treatment, and the remainder directed toward prevention, education, training, research and intervention.

(c) Payment from fund.--All moneys in the Gaming Commission Fund shall be appropriated annually by the General Assembly to the commission and may be expended for the purposes authorized under this section.

Section 309. Authorized licenses; applications.

(a) Authorized licenses.--

(1) The commission shall be authorized to promulgate regulations concerning, to accept applications for and to award the following types of licenses:

(i) Operator licenses.

(ii) Supplier licenses.

(iii) Occupational licenses.

(2) The commission is also authorized to promulgate regulations concerning, to accept applications for and to make findings of suitability under section 343.

(b) Temporary licenses.--A temporary occupational license awarded by the commission shall continue in effect until the commission awards or denies a final license. The commission may promulgate regulations concerning the experience and training that the holder of a temporary occupational license must possess in order to obtain a permanent license.

(c) Fees.--Except for any fee which is specifically set forth in this chapter, the commission shall have the power and the duty to establish and amend fees for initial applications, periodic renewals and for other purposes the commission deems

1 necessary to effectively and efficiently implement and
2 administer the provisions of this chapter. All fees shall be
3 established to cover all costs incurred by the commission in the
4 administration of this chapter.

5 (d) Forms.--Applications for licenses and findings of
6 suitability shall be made to the commission on forms furnished
7 by the commission according to the regulations of the
8 commission.

9 Section 310. Qualifications for licenses or findings of
10 suitability.

11 (a) General standard for licensing.--Any person whom the
12 commission determines to be qualified to receive a license or
13 whom the commission finds to be suitable under the provisions of
14 this chapter and the regulations adopted under this chapter,
15 having due consideration for the proper protection of the
16 health, safety, morals and general welfare of this Commonwealth
17 and the declared policy of this Commonwealth, may be awarded a
18 license or be found suitable. The applicant bears the burden of
19 establishing that he is qualified to receive and hold any
20 license.

21 (b) Specific findings.--An application for a license or to
22 be found suitable shall not be approved unless the commission is
23 satisfied that the applicant is a person:

24 (1) Of good character, honesty and integrity.

25 (2) Whose prior activities, criminal record, if any,
26 reputation, habits and associations do not pose a threat to
27 the public interest of this Commonwealth or to the effective
28 regulation and control of gaming, or create or enhance the
29 dangers of unsuitable, unfair or illegal practices, methods
30 and activities in the conduct of gaming or the carrying on of

1 the business and financial arrangements incidental thereto.

2 (3) Who possesses the knowledge, experience and
3 qualifications necessary to perform the tasks required by the
4 position for which licensing or a finding of suitability has
5 been requested.

6 (4) Who in all other respects is qualified to be
7 licensed or found suitable under the laws of this
8 Commonwealth.

9 (c) Criminal history information.--When the commission is
10 authorized or required to consider an applicant's criminal
11 history, the commission shall initiate a criminal history record
12 investigation to obtain any information in the possession of the
13 Pennsylvania State Police or the Federal Bureau of Investigation
14 or other relevant law enforcement agencies. The Pennsylvania
15 State Police shall be authorized to and shall provide at the
16 commission's request information concerning any criminal charges
17 and their disposition which have been filed against an applicant
18 for or holder of a license. The commission shall use the
19 information obtained as a result of any investigation under this
20 section in determining the eligibility of a person for a license
21 or a finding of suitability. The applicant shall be responsible
22 for the payment of all costs incurred for the investigation
23 which are not covered by the application fee.

24 Section 311. Investigations for licenses, action of commission
25 and further investigation.

26 (a) Investigations.--The commission shall, as required by
27 this chapter, investigate the qualifications of each applicant
28 before any license or finding of suitability is issued by the
29 commission. Information provided on the application may be used
30 as a basis for a background investigation.

1 (b) Commencement of investigation.--The commission shall
2 commence the investigation of the applicant within 30 days after
3 the filing of an application and such supplemental information
4 as the commission may require.

5 (c) Completion of investigation.--If a person has applied
6 for a position which cannot be held pending licensure or a
7 finding of suitability by the commission, the commission shall
8 use its best efforts to complete the investigation and file a
9 written report concerning the application within three months
10 after the application and supporting data are completed and
11 filed with the commission.

12 Section 312. Disclosure of records.

13 (a) Mandated disclosures.--Notwithstanding any statutory
14 provision to the contrary, the commission shall, upon written
15 request from any person and in accordance with procedures
16 established by regulation, provide the following types of
17 information furnished by an applicant for or holder of an
18 operator license concerning the applicant or licensee, his
19 products, services or gaming enterprises and his business
20 holdings:

21 (1) The name, business address and business telephone
22 number of any applicant or licensee.

23 (2) An identification of any applicant or licensee,
24 including, if the person is not an individual, the state of
25 incorporation, the corporate officers and the identity of all
26 shareholders or participants. If an applicant or licensee is
27 a publicly traded corporation, only the names of those
28 persons or entities holding an interest of 5% or more must be
29 provided.

30 (3) Identification of any company, including, if

1 applicable, the state of incorporation in which an applicant
2 or licensee or an applicant's or licensee's family has an
3 equity interest of 5% or more.

4 (4) Whether an applicant or licensee has been indicted,
5 convicted, pleaded guilty or nolo contendere or forfeited
6 bail concerning any criminal offense under the laws of any
7 jurisdiction, either felony or misdemeanor but not summary
8 offenses, including the date, the name and location of the
9 court, arresting agency and prosecuting agency, the case
10 number, the offense, the disposition and the location and
11 length of incarceration.

12 (5) Whether an application for any license or
13 certificate in this Commonwealth or any other jurisdiction
14 was denied, restricted, suspended, revoked or not renewed,
15 and a statement describing the facts and circumstances
16 concerning the denial, restriction, suspension, revocation or
17 nonrenewal, including the licensing authority, the date each
18 such action was taken and the reason for each such action.

19 (6) A statement listing the names and titles of all
20 public officials or officers of any unit of government and of
21 their adult family members who, directly or indirectly, own
22 any financial interest in, have any beneficial interest in,
23 are the creditors of or hold any debt instrument issued by or
24 hold or have any interest in any contractual or service
25 relationship with an applicant or licensee.

26 (7) The amount of gaming tax and admissions tax paid to
27 the Commonwealth by the holder of an operator license.

28 (b) Exemptions to disclosure rules.--Subject to the
29 provisions of subsection (a), the commission shall not be
30 required to disclose any information, the disclosure of which

1 would not be required by the act of June 21, 1957 (P.L.390,
2 No.212), referred to as the Right-to-Know Law, or would be
3 prohibited by the statutes, rules, regulations or
4 intergovernmental agreements of any jurisdiction.

5 (c) Confidential information.--Notwithstanding any provision
6 of the Right-to-Know Law and subject to the provisions of this
7 section, the commission shall not, except subject to a court
8 order or with the prior written consent of a licensee or
9 applicant and after notice, disclose any information or data
10 required under this chapter or pursuant to regulations
11 promulgated by the commission to be designated and maintained as
12 confidential.

13 (d) Categories of confidential information.--The following
14 types of documents or information concerning an applicant or a
15 licensee shall be designated and maintained as confidential
16 pursuant to this section:

17 (1) Financial information, including statements, audits
18 and financing applications, including, but not limited to,
19 offering memoranda, placement documents and purchase
20 agreements.

21 (2) Marketing information, business plans and
22 proprietary information, including, without limitation, trade
23 secrets.

24 (3) Investigatory materials developed by or provided to
25 the commission during an investigation of an applicant for or
26 holder of a license or a finding of suitability.

27 Section 313. License not a property right.

28 Any license awarded by the commission pursuant to this
29 chapter is a revocable privilege, and not a right, property or
30 otherwise, under the Constitution of the United States or the

1 Constitution of Pennsylvania, and no applicant for or holder of
2 any license has any vested interest or right in any license
3 granted under this chapter.

4 Section 314. Operator license authorized.

5 The commission is authorized to award operator licenses
6 authorizing persons to conduct riverboat gaming under this
7 chapter. It shall be unlawful for a person to conduct riverboat
8 gaming in this Commonwealth without an operator license.

9 Section 315. Distribution of operator licenses; limitation.

10 (a) Allocation.--The commission shall allocate operator
11 licenses, as follows:

12 (1) Four licenses to first class counties.

13 (2) Four licenses to second class counties.

14 (3) Four licenses to second class A counties, provided
15 that no second class A county shall receive more than two
16 licenses.

17 (4) Three licenses to third class counties, provided
18 that no third class county shall receive more than one
19 license.

20 (5) Two licenses to fourth class counties, provided that
21 no fourth class county shall receive more than one license.

22 (b) Restriction.--The operator license issued under this
23 chapter restricts the licensee to operate one riverboat per
24 license in Pennsylvania.

25 (c) Ownership interest.--No person may beneficially own,
26 directly or indirectly, an equity interest in more than two
27 operator licenses under this chapter, provided that equity
28 interests not exceeding 5% of the total equity interest in any
29 operator license shall be excluded for purposes of computing the
30 foregoing. No person may operate more than two riverboats

1 licensed under this chapter.

2 Section 316. Application for operator license; application fee.

3 (a) Required information.--Application for an operator
4 license shall be in a form and contain such information as the
5 commission prescribes, including, but not limited to, all of the
6 following:

7 (1) The name of the proposed licensee.

8 (2) The proposed location where the riverboat will be
9 docked.

10 (3) Evidence necessary to determine the compliance of
11 the proposed riverboat with the specifications prescribed by
12 the commission for the design, appearance, accommodation and
13 construction of any riverboat on which gaming is to be
14 conducted.

15 (4) Evidence that the applicant possesses or has the
16 right to acquire sufficient title to the proposed site
17 contiguous to eligible waters.

18 (5) A site development plan approved by the local
19 waterfront development commission as set forth in section
20 1103 of the municipality where the riverboat is to be docked,
21 including lighted parking, traffic patterns, shelter
22 facilities and a permanent docking structure at a minimum.
23 The development of the site, including these facilities and
24 structures, shall be in accordance with zoning, building,
25 occupancy and other applicable codes as defined by municipal
26 or county ordinances.

27 (6) Evidence that the applicant possesses or reasonably
28 expects to obtain all funds or financing necessary for the
29 entire proposed operation.

30 (7) The names of all persons who have a direct or

1 indirect ownership interest of 5% or more in the riverboat
2 gaming operation for which the license is sought. If the
3 applicant is a trust, the application shall disclose the
4 names and addresses of the trustees and beneficiaries; if a
5 corporation, the names and addresses of stockholders,
6 officers and directors; if a partnership, the names and
7 addresses of partners, both general and limited; or, if a
8 limited liability company, the names and addresses of
9 members.

10 (8) Such other information and details as the commission
11 may require by regulation.

12 (b) Application fee.--An applicant for an operator license
13 must pay a nonrefundable application fee as determined by the
14 commission, but no less than \$250,000.

15 (c) Notification as to completeness.--The commission shall
16 notify an applicant for an operator license within 30 days of
17 the filing of an application whether the application is complete
18 or additional information will be required. The commission shall
19 notify an applicant within 30 days of receiving a supplemental
20 submission whether the application is complete or additional
21 information will be required.

22 (d) Local referendum election required.--The commission
23 shall not accept for consideration any application for an
24 operator license proposed to be located in any county prior to
25 receiving certification from the governing body of such county
26 pursuant to Chapter 7 that gaming has been legalized through a
27 local election in accordance with this act.

28 Section 317. Suitability for operator license.

29 (a) General criteria.--The commission shall determine the
30 suitability of each applicant for or holder of an operator

1 license based upon such suitability criteria as the commission
2 shall prescribe to ensure that:

3 (1) The applicant is of good character, has honesty and
4 integrity.

5 (2) The applicant's prior activities, including criminal
6 record, if any, reputation, habits and associations do not
7 pose a threat to the public interest of this Commonwealth or
8 to the effective regulation and control of gaming.

9 (3) The applicant has adequate business probity,
10 competence and experience in gaming.

11 (b) Additional criteria.--In considering the suitability of
12 an applicant for or holder of an operator license, the
13 commission may concurrently consider the suitability of any
14 person:

15 (1) who holds any equity interest or creditor interest
16 in the applicant or holder;

17 (2) who holds, or is proposed to receive, any supplier
18 license or occupation license with respect to the applicant
19 or holder; or

20 (3) who is affiliated with the applicant or holder.

21 (c) Exception.--Notwithstanding any other provisions of this
22 chapter, the commission shall not award operator licenses to any
23 persons who have been convicted of any criminal violation
24 excluding summary convictions.

25 Section 318. Criteria for award of operator licenses.

26 In determining whether or, in the case of multiple applicants
27 competing for a limited number of operator licenses within the
28 same classification of county, to whom to grant an operator
29 license, the commission shall consider the following factors:

30 (1) the location of the proposed riverboat operation,

1 including the site development plan;

2 (2) the financial ability of the applicant to meet
3 commitments made pursuant to its application under this
4 chapter;

5 (3) the commitment and successful operations of the
6 applicant in other gaming jurisdictions;

7 (4) the potential for new job creation that will result
8 from granting a license to the applicant;

9 (5) the applicant's good faith affirmative action plan
10 to recruit, train and upgrade minorities in all employment
11 classifications therein;

12 (6) the facilities or proposed facilities for the
13 conduct of riverboat operations, including the size,
14 suitability and quality of the proposed facilities;

15 (7) the extent to which the applicant's proposed
16 riverboat operations and any associated nongaming businesses
17 could reasonably be expected to encourage interstate tourism
18 to the Commonwealth;

19 (8) the highest prospective total revenue to be
20 collected by the Commonwealth from the conduct of riverboat
21 gaming as determined by studies and projections done either
22 in accordance with standards and regulations of the
23 commission or by an independent organization approved by the
24 commission;

25 (9) the level of local governmental support for the
26 riverboat operation;

27 (10) the history of the applicant's financial stability;

28 (11) the background and history of the applicant's
29 operations in other gaming jurisdictions, including, but not
30 limited to, the applicant's history of compliance of the laws

1 of the jurisdictions in which it operates;

2 (12) the history and success of the applicant in
3 developing tourism facilities ancillary to gaming
4 development; and

5 (13) such other factors as the commission may determine
6 are relevant to the policies of this chapter, such factors
7 having been set forth by regulations adopted pursuant to the
8 provisions of this chapter.

9 Section 319. Award and appeal of operator licenses.

10 The following procedures shall govern the award of operator
11 licenses and appeals from decisions of the commission with
12 respect to operator licenses:

13 (1) Applicants for an operator license who complete the
14 application process shall have an opportunity to make a
15 presentation at a hearing before the commission within 90
16 days after the application is complete. The commission shall
17 establish procedures for the hearings and shall allow
18 applicants for operator licenses to present oral and written
19 information to assist the commission in evaluating the merits
20 of the application. The commission shall also establish rules
21 and procedures to enable members of the public, including,
22 but not limited to, elected public officials, to comment on
23 the various applications for operator licenses.

24 (2) The commission shall review all information
25 available to it concerning applicants for operator licenses,
26 including, but not limited to, application materials, the
27 results of background investigations that shall be conducted
28 of all applicants and information presented at the
29 presentations described in paragraph (1).

30 (3) The commission shall have full and absolute power

1 and authority to award operator licenses in the manner it
2 determines best satisfies the standards and criteria and
3 implements the purposes and legislative intent of this
4 chapter after a thorough evaluation of all relevant
5 information and circumstances. All decisions by the
6 commission to grant an operator license shall be by super
7 majority vote.

8 (4) If the commission awards an operator license, the
9 commission shall prepare an award notification stating that
10 the commission has complied with the procedures set forth in
11 this section and has determined that the applicant satisfies
12 the criteria set forth in this chapter, and that the award is
13 consistent with the purposes and policies of this chapter.
14 The commission shall notify all applicants for operator
15 licenses of the awards and provide for notice to members of
16 the public.

17 (5) An unsuccessful applicant for an operator license
18 may within ten days of receiving the notice concerning the
19 award of an operator license described in paragraph (3), seek
20 review of the commission's award of a license by the
21 Commonwealth Court. Standing to seek a review of the
22 commission's issuance of an operator license shall be limited
23 to applicants to whom the commission has not awarded
24 licenses. Members of the public shall not have standing. An
25 appeal may be taken on broad certiorari, and the court shall
26 affirm the award of the license if it determines that the
27 commission has made no errors of law and that its findings
28 are supported by competent evidence.

29 (6) The commission's award of an operator license shall
30 be stayed during the pendency of a review of the commission's

award of the license only if the plaintiff files a bond in an amount approved by the court, with appropriate security, conditioned that if the plaintiff's challenge to the commission's award of an operator license is denied, the plaintiff will pay all damages to any party resulting from delays occasioned by the litigation.

Section 320. Terms and conditions of operator licenses.

(a) Issuance.--The commission shall issue a license to an operator if it is satisfied that the applicant has complied with all of the appropriate requirements for licensure.

(b) Contents of operator licenses.--An operator license awarded by the commission shall specify:

(1) The name of the licensee.

(2) The place where the riverboat will operate.

(3) Such other information as the commission by regulation shall require.

(c) Transferability of operator license.--An operator license is not transferable and relates only to the specific site identified therein.

(d) Term of operator license.--The term of an operator license shall be one year from the date of issuance or most recent renewal, as applicable.

(e) Limitation on operator license.--An operator license awarded by the commission shall limit the operator to conduct riverboat gaming only on eligible waters located in or adjacent to a host municipality.

(f) Permanent docking.--All operator licenses shall permit continuous docking of riverboats and dockside gaming.

(g) Improvements permitted.--Improvements made to or adjacent to eligible waters shall be permitted and may be

1 required by the commission to minimize navigational hazards and
2 maximize public safety. All improvements shall be subject to
3 commission approval. All improvements shall satisfy all
4 environmental standards and requirements mandated by applicable
5 Federal and State law and regulations.

6 Section 321. Obligations of operator licensees.

7 Any person who holds an operator license issued under this
8 chapter shall:

9 (1) Be incorporated or otherwise organized and in good
10 standing in this Commonwealth or incorporated or otherwise
11 organized in another state and qualified to do business in
12 this Commonwealth. For the purpose of the corporate net
13 income tax, such corporation shall be considered a
14 "corporation" as defined in Article IV of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.
16 Such corporation shall not elect to be treated as a
17 Pennsylvania S corporation.

18 (2) Maintain an office in this Commonwealth.

19 (3) Comply with all of the requirements of this chapter,
20 the regulations of the commission and the laws of this
21 Commonwealth.

22 (4) Maintain a ledger in the principal office of the
23 company in this Commonwealth which shall:

24 (i) At all times reflect the ownership of interests
25 in the licensee, including every class of security issued
26 by the licensee, provided that, with respect to a
27 publicly traded corporation, the ledger may initially
28 consist of a copy of its latest list of record equity
29 securityholders and thereafter be maintained by adding a
30 copy of such material as it regularly receives from the

1 transfer agent for its equity securities of any class
2 which is outstanding.

3 (ii) Be available for inspection by the commission
4 at all reasonable times without notice.

5 (5) Conduct gaming only as authorized under this chapter
6 and by regulations of the commission.

7 (6) Purchase or lease gaming devices only from the
8 holder of a valid supplier license.

9 (7) To the extent required by this chapter, employ only
10 persons who hold valid occupational licenses.

11 (8) Adopt, subject to the approval of the commission, an
12 internal control system designed to safeguard assets and
13 revenues.

14 (9) Maintain books and records in accordance with
15 regulations promulgated by the commission and prepare such
16 reports as the commission may require.

17 (10) Cooperate fully in any background or other
18 investigation conducted by the commission or by any law
19 enforcement agency.

20 (11) Provide all financial, management, background and
21 other information as may be requested by the commission
22 regarding itself and any affiliated company.

23 (12) Seek approval for any assignment or transfer of an
24 ownership interest of 5% or more in a licensee.

25 (13) Seek approval to incur any indebtedness in
26 connection with the construction, operation or expansion of a
27 riverboat gaming facility.

28 (14) Report any change of personnel among the licensee's
29 officers, board of directors or key executives.

30 (15) To the extent allowed by applicable law, use the

licensee's best efforts to give priority to residents of this Commonwealth in the hiring of employees.

Section 322. Prohibition on assignment; exception.

An operator licensee shall not grant, assign or contract to turn over the license or right to operate a riverboat to another person, except that an operator licensee may make collateral assignment of the license to a financing institution or lender with the approval of the commission.

Section 323. Renewal of operator licenses.

Subject to the power of the commission to deny, revoke or suspend licenses, any operator license in force shall be renewed annually by the commission upon the proper application for renewal and payment of a license renewal fee to be determined by the commission. The application for renewal and application fee shall be filed with the commission no later than 120 days before the expiration of the current license, and all license fees and taxes as required by law shall be paid to the commission on or before the date of expiration of the current license.

Section 324. Denial of license; revocation for unsuitability; forfeiture.

(a) Denial of license.--The commission shall have full authority to deny any application or revoke any operator license for any cause which it deems reasonable.

(b) Revocation for unsuitability.--If at any time the commission determines that it has reasonable grounds to believe that any holder of an operator license may be unsuitable to continue to hold an operator license under this chapter having due consideration for the protection of the health, safety, morals and general welfare of this Commonwealth and for the reputation of the Commonwealth's gaming industry, the commission

1 shall initiate an investigation and hearing and may, based upon
2 its determination thereupon, suspend, limit or revoke any
3 license. Upon suspension or revocation of an operator license,
4 the licensee must immediately cease all gaming.

5 (c) Forfeiture.--If the recipient of any operator license
6 fails to begin development of the site to which the license
7 relates within one year of the receipt of such license or fails
8 to begin gaming operations within three years of the receipt of
9 such license, then the license shall be deemed to be forfeited
10 unless, for good cause, the commission has previously granted an
11 appropriate extension of time.

12 Section 325. Supplier licenses authorized.

13 The commission is authorized to award supplier licenses to
14 suppliers. It shall be unlawful to manufacture, distribute,
15 assemble, produce, sell, lease or otherwise provide gaming
16 devices without a supplier license.

17 Section 326. Application for supplier license; application fee.

18 (a) Required information.--Application for a supplier
19 license shall be in a form and contain such information the
20 commission prescribes, including, but not limited to, all of the
21 following:

22 (1) The name of the proposed licensee.

23 (2) The location of the proposed operation.

24 (3) The names of all persons who have a direct or
25 indirect ownership interest of 5% or more in the supplier's
26 operation for which the license is sought. If the applicant
27 is a trust, the application shall disclose the names and
28 addresses of the trustee and beneficiaries; if a corporation,
29 the names and addressees of officers, directors and
30 stockholders; if a partnership, the names and addresses of

1 partners, both general and limited; or, if a limited
2 liability company, the names and addresses of the members.

3 (4) The nature of the gaming devices to be sold, leased
4 or provided.

5 (5) Such other information and details as the commission
6 may require by regulation.

7 (b) Application fee.--An applicant for a supplier license
8 must pay a nonrefundable application fee as determined by the
9 commission.

10 (c) Notification as to completeness.--The commission shall
11 notify an applicant for a supplier license within 60 days of the
12 filing of an application whether the application is complete or
13 additional information will be required. The commission shall
14 notify applicants within 30 days of receiving a supplemental
15 submission whether the application is complete or additional
16 information will be required.

17 Section 327. Background investigation.

18 The commission shall require an applicant for a supplier
19 license to undergo a complete background investigation. The
20 applicant shall be responsible for the payment of all costs
21 incurred for the investigation which are not covered by the
22 application fee.

23 Section 328. Suitability for supplier license.

24 (a) General criteria.--The commission shall determine the
25 suitability of each applicant for or holder of a supplier
26 license based upon such suitability criteria as the commission
27 shall prescribe to ensure that:

28 (1) The applicant is of good character, has honesty and
29 integrity.

30 (2) The applicant's prior activities, including criminal

1 record, if any, reputation, habits and associations do not
2 pose a threat to the public interest of the Commonwealth or
3 to the effective regulation and control of gaming.

4 (3) The applicant possesses the knowledge, experience
5 and qualifications that the commission deems necessary to
6 perform the tasks for which the supplier license is sought.

7 (b) Additional criteria.--In considering the suitability of
8 an applicant for or holder of a supplier license, the commission
9 may concurrently consider the suitability of any person:

10 (1) who holds any equity interest or creditor interest
11 in the applicant or holder;

12 (2) who is a principal manager to the applicant or
13 holder; or

14 (3) who is affiliated with or involved in the business
15 affairs of the applicant or holder.

16 Section 329. Terms and conditions of supplier licenses.

17 (a) Issuance.--The commission shall issue a license to a
18 supplier if it is satisfied that the applicant has complied with
19 all of the appropriate requirements for licensure. Supplier
20 licenses shall be personal to the licensee and shall entitle the
21 licensee to do business with any riverboat in this Commonwealth.

22 (b) Term of supplier licenses.--The term of a supplier
23 license shall be one year from the date of issuance or most
24 recent renewal, as applicable.

25 (c) Supplies, devices and equipment must conform to
26 requirements.--A person holding a supplier license may not
27 distribute gaming supplies, devices and equipment unless those
28 supplies, devices and equipment conform to standards adopted by
29 the commission.

30 Section 330. Renewal of supplier licenses.

1 Subject to the power of the commission to deny, revoke or
2 suspend licenses, any supplier license in force shall be renewed
3 annually by the commission upon the proper application for
4 renewal and payment of a license renewal fee to be determined by
5 the commission. The application for renewal and application fee
6 shall be filed with the commission no later than 120 days before
7 the expiration of the current license, and all license fees and
8 taxes as required by law shall be paid to the commission on or
9 before the date of expiration of the current license.

10 Section 331. Denial of license; revocation for unsuitability.

11 (a) Authority.--The commission shall have full authority to
12 deny any application or revoke any supplier license for any
13 cause which it deems reasonable.

14 (b) Investigation and hearing.--If at any time, the
15 commission determines that it has reasonable grounds to believe
16 that any licensee may be unsuitable to continue to hold a
17 supplier license, the commission shall initiate an investigation
18 and hearing, and may, based upon its determination thereupon,
19 suspend, limit or revoke any license. Upon suspension or
20 revocation of a supplier license, the licensee must cease the
21 performance of any activity requiring a supplier license under
22 this chapter. From and after the revocation or suspension of a
23 licensee's license, the affected licensee shall not receive,
24 directly or indirectly, any compensation, consideration or
25 payment of any kind relating to any activity requiring a
26 supplier license under this chapter, other than in payment for
27 goods or services provided prior to such suspension or
28 revocation.

29 Section 332. Occupational license authorized.

30 The commission is authorized to award occupational licenses

1 for gaming employees. A person, including a company employed by
2 an operator licensee to manage all or any part of its gaming
3 operations, shall not be employed as a gaming employee or a key
4 executive unless the person holds a valid occupational license
5 awarded by the commission.

6 Section 333. Application for occupation license; application
7 fee.

8 (a) Required information.--Application for an occupation
9 license shall be in a form and contain such information the
10 commission prescribes, including, but not limited to, all of the
11 following:

12 (1) The name and address of the applicant.

13 (2) Whether the applicant has been awarded prior
14 occupational licenses related to gaming in this or any other
15 state under this or another name and, if so, the name and
16 state.

17 (3) Whether any license or permit awarded to the
18 applicant has been suspended, restricted, revoked or denied
19 and, if so, the reason for the action and the period of time.

20 (4) If the applicant is a company, the disclosures
21 required by an operator license in section 316(a)(7).

22 (5) Such other information and details as the commission
23 may require by regulation.

24 (b) Application fee.--An applicant for an occupational
25 license must pay a nonrefundable application fee, the amount of
26 which shall be determined by the commission.

27 Section 334. Background investigation.

28 A person or company seeking an occupational license,
29 including a license for the purpose of managing all or a part of
30 a riverboat gaming operation, shall be required to undergo a

1 background investigation. The applicant shall be responsible for
2 the payment of all costs incurred for the investigation which
3 are not covered by the application fee.

4 Section 335. Standards for award of license.

5 The commission may award an occupational license to an
6 applicant if the applicant:

7 (1) Has paid a nonrefundable fee set by the commission.

8 (2) Is at least 21 years of age if the applicant is to
9 perform any function involving gaming by patrons.

10 (3) Has not been convicted of a felony or any crime
11 involving dishonesty, false statement or moral turpitude
12 under the laws of this Commonwealth, the laws of any other
13 state or the laws of the United States.

14 (4) Has demonstrated a level of skill or knowledge that
15 the commission determines to be sufficient to perform the
16 tasks for which the occupational license is sought.

17 (5) Has satisfied regulations for holding an
18 occupational license as adopted by the commission.

19 Section 336. Reasons for refusing occupational license.

20 The commission may refuse to award an occupational license to
21 a person:

22 (1) who is unqualified to perform the duties required of
23 the applicant;

24 (2) who does not disclose or states falsely any
25 information required by the application;

26 (3) who has been found guilty of a violation of this
27 chapter, or whose gaming-related license in another state has
28 been suspended, restricted, revoked or denied for just cause;
29 or

30 (4) whose licensing would, in the opinion of the

commission, not be in the best interests of gaming in this Commonwealth.

Section 337. Terms and conditions of occupational licenses.

(a) Issuance.--The commission shall issue an occupational license to a person or company if it is satisfied that the applicant has complied with all of the appropriate requirements for licensure.

(b) Term.--The term of an occupational license shall be one year from the date of issuance or most recent renewal, as applicable.

(c) Temporary occupational licenses.--The commission may issue a temporary occupational license pending issuance of a final license.

Section 338. Training of occupational licensees.

An operator licensee may enter into an agreement with a school that has been approved by the commission for the training of occupational licensees. Any training program conducted by a school shall be approved by the commission and conducted in accordance with a written agreement between the operator licensee and the school. The training program may be conducted on a riverboat.

Section 339. Renewal of occupational licenses.

Subject to the power of the commission to deny, revoke or suspend licenses, any occupational license in force shall be renewed annually by the commission upon the proper application for renewal and payment of a license renewal fee to be determined by the commission. The application for renewal and application fee shall be filed with the commission no later than 120 days before the expiration of the current license and all license fees and taxes as required by law shall be paid to the

1 commission on or before the date of expiration of the current
2 license.

3 Section 340. Denial of license; revocation for unsuitability.

4 (a) Denial of license.--The commission shall have full
5 authority to deny any application or revoke any occupational
6 license for any cause which it deems reasonable.

7 (b) Revocation for unsuitability.--If at any time the
8 commission determines that it has reasonable grounds to believe
9 that any licensee may be unsuitable to continue to hold an
10 occupational license under this chapter having due consideration
11 for the protection of the health, safety, morals and general
12 welfare of this Commonwealth and for the reputation of this
13 Commonwealth's gaming industry, the commission shall initiate an
14 investigation and hearing and may, based upon its determination
15 thereupon, suspend, limit or revoke any license. Upon suspension
16 or revocation of an occupational licensee's license, the
17 licensee must cease the provision of all services in any
18 capacity requiring an occupational license under this chapter.
19 From and after the revocation or suspension of an occupational
20 licensee's license, the affected licensee shall not receive,
21 directly or indirectly, any compensation, consideration or
22 payment of any kind relating to the conduct of gaming in any
23 capacity requiring an occupational license other than in payment
24 for services rendered prior to such suspension or revocation.

25 Section 341. Requirement to register and qualify.

26 (a) General rule.--Except as provided in subsection (b),
27 every person who directly or indirectly owns any equity or
28 creditor interest in any applicant for or holder of an operator
29 license under this chapter shall register and qualify with the
30 commission in accordance with regulations prescribed by the

1 commission and shall provide such information as the commission
2 deems necessary to determine the suitability and eligibility of
3 such person to retain such interest.

4 (b) Exceptions.--The following persons are not required to
5 register or qualify under this section:

6 (1) an institutional investor;

7 (2) a person who beneficially owns 5% or less of the
8 total equity or creditor interest of the operator licensee;
9 or

10 (3) any other group or class of persons which the
11 commission shall by regulation identify in light of the
12 purpose of this chapter.

13 (c) Fee.--Each registration filed under this section shall
14 be accompanied by an application fee determined by the
15 commission.

16 Section 342. Transfers of interests in operator licensee.

17 (a) Commission approval required.--No operator licensee may
18 issue any equity or creditor interest to any person prior to the
19 commission's determination of the qualification of the proposed
20 subscriber or purchaser to hold the interest under this chapter.
21 Notwithstanding the foregoing, an operator licensee which is a
22 publicly held company may issue equity or creditor interests not
23 exceeding 5% of its equity or creditor interest to any person
24 without the consent of the commission.

25 (b) Certain transfers prohibited.--No person beneficially
26 owning in excess of 5% of the equity or creditor interest of an
27 operator licensee shall transfer all or any portion of its
28 interest in such licensee to any person prior to the
29 commission's determination of the qualification of the proposed
30 transferee to hold such interest under this chapter.

1 (c) Information.--A subscriber or proposed transferee of an
2 interest by an operator licensee shall provide the commission
3 with such information as the commission deems necessary to
4 determine the qualification of the person to whom the interest
5 is proposed to be issued or transferred. The commission shall
6 have 90 days within which to determine the qualification of any
7 subscriber or proposed transferee, and to approve or deny the
8 issuance or transfer.

9 Section 343. Finding of suitability; divestiture by persons
10 found unsuitable.

11 (a) Finding of suitability.--The commission shall determine
12 the qualification of any person to acquire or continue to hold
13 any equity or creditor interest in an applicant for or holder of
14 an operator license under this chapter based upon such criteria
15 as the commission shall prescribe for the protection of the
16 public interest in order to ensure that the persons holding
17 securities issued by licensees are of good character, honesty,
18 integrity and financial stability and that they are otherwise
19 qualified to hold the interest, in all cases having due
20 consideration for the protection of the health, safety, morals
21 and general welfare of this Commonwealth and for the reputation
22 of this Commonwealth's gaming industry. The burden of proving
23 qualification to acquire or hold any equity or creditor interest
24 in a licensee shall be on the person acquiring or holding such
25 interest.

26 (b) Unsuitable.--A person shall be conclusively deemed
27 unsuitable to acquire or retain an equity or creditor interest
28 in any applicant for or holder of an operator license if such
29 qualified persons would be unsuitable to receive an operator
30 license under this chapter.

1 (c) Investigation and hearing.--If at any time the
2 commission has reasonable grounds to believe that any person
3 holding any equity or creditor interest in an applicant for or
4 holder of an operator license may be unqualified to retain its
5 interest, the commission shall initiate an investigation and
6 hearing and may, based upon its determination, issue an
7 unsuitability finding and divestiture order to the holder of
8 such interest and the issuer thereof. Upon receipt of a
9 divestiture order, the person holding the interest shall tender
10 its entire interest for purchase to the issuer thereof or a
11 third party on such terms as the commission shall approve.

12 (d) Restrictions.--From and after the time that the
13 commission issues an unsuitability finding and divestiture order
14 to a holder of an equity interest or creditor interest, the
15 person subject to the order shall not:

16 (1) receive, directly or indirectly, any dividend,
17 interest, payment or distribution of any kind with respect to
18 the security to which the order relates; or

19 (2) exercise, directly or indirectly, any voting power
20 or other right with respect to the security to which the
21 order relates. The person subject to the order may, however,
22 receive payment for the sale of its interest on such terms as
23 the commission has approved.

24 Section 344. Power to regulate method and timing of riverboat
25 operations.

26 (a) Regulations.--The commission shall promulgate
27 regulations applicable to the operation of riverboat gaming in
28 this Commonwealth as the commission deems necessary for the
29 protection of the health, safety, morals and general welfare of
30 this Commonwealth and for the reputation of this Commonwealth's

1 gaming industry.

2 (b) Hours and days of operation.--Riverboats shall be
3 allowed to operate 20 hours a day, seven days per week, with
4 operations commencing no earlier than 7 a.m. and terminating no
5 later than 3 a.m. Operator licensees may, at their option,
6 select hours of operation.

7 Section 345. Wagering.

8 (a) Wagering prohibited except as provided.--Persons
9 licensed under this chapter shall permit no form of wagering
10 except as provided by this chapter.

11 (b) Wagering allowed only on riverboats.--Persons licensed
12 pursuant to this chapter shall receive wagers only from persons
13 present on a riverboat.

14 (c) Gaffed games.--Gaffed games are prohibited.

15 (d) Wagering by gaming employees.--A gaming employee shall
16 not wager on a riverboat where that person is employed.

17 (e) Minimum and maximum wagers.--An operator licensee shall
18 set minimum and maximum wagers on games.

19 Section 346. Use of chips, tokens, etc.

20 (a) General rule.--All wagering must be conducted with
21 chips, tokens or other forms of credit approved by the
22 commission or with United States coins not exceeding \$1 in
23 value.

24 (b) Exchanges.--

25 (1) The operator shall exchange United States currency
26 or other bearer instruments or debit cards of each wagerer
27 for approved chips, tokens or other forms of credit for
28 purposes of wagering on the games.

29 (2) At the request of the wagerer, the operator shall
30 exchange the approved chips, tokens or other forms of credit

1 for United States currency.

2 (c) Prohibition.--No wagering shall be conducted with United
3 States currency or the currency of any other nation, except
4 wagering with United States coins not exceeding \$1 in value.

5 Section 347. Age requirement for patrons and gaming employees.

6 (a) Wagering.--No person under 21 years of age shall be
7 permitted to place, win, lose or collect any wager.

8 (b) Patrons.--Except as provided in subsection (c), no
9 person under 21 years of age shall be permitted in the area of a
10 riverboat where gaming is being conducted.

11 (c) Employees.--No person under 18 years of age shall be
12 employed in any capacity at a riverboat gaming operation.
13 Employees under 21 years of age shall not participate directly
14 or indirectly in any function related to gaming by the patrons.

15 Section 348. Gaming debts.

16 (a) Gaming debts enforceable.--A negotiable instrument
17 evidencing a gaming debt incurred pursuant to this chapter may
18 be enforced by legal process.

19 (b) Incomplete negotiable instruments.--An operator licensee
20 or an agent of a licensee may accept an incomplete negotiable
21 instrument which:

22 (1) Is signed by a patron.

23 (2) States the amount of the debt in figures.

24 An operator licensee or an agent may complete the instrument as
25 is necessary for the instrument to be presented for payment.

26 (c) Conditions of acceptance; refusal of instruments.--An
27 operator licensee or agent of such licensee:

28 (1) Shall not accept a negotiable instrument which is
29 incomplete, except as authorized in subsection (b).

30 (2) May accept a negotiable instrument that is payable

1 to an affiliate or affiliated company or may complete a
2 negotiable instrument in the name of an affiliate or
3 affiliated company as payee if the negotiable instrument
4 otherwise complies with this subsection and the records of
5 the affiliate or an affiliated company pertaining to the
6 negotiable instrument are made available to the commission
7 upon request.

8 (d) Establishment of accounts.--This section does not
9 prohibit the establishment of an account by a deposit of cash,
10 recognized traveler's check or any other instrument which is
11 generally recognized as equivalent to cash.

12 (e) Unenforceable debts.--Except as provided in this
13 chapter, gaming debts not evidenced by a negotiable instrument
14 are void and unenforceable and do not give rise to any
15 administrative or civil cause of action.

16 (f) Claims resolution.--A claim by a patron of an operator
17 licensee for payment of a gaming debt not evidenced by a
18 negotiable instrument may be resolved by the commission in
19 accordance with its regulations.

20 Section 349. Exclusion or ejection of certain persons from
21 riverboats.

22 The commission shall by regulation provide for the
23 establishment a list of persons who are to be excluded or
24 ejected from any riverboat. The list may include any person
25 whose presence in the establishment is determined by the
26 commission to pose a threat to the interest of this Commonwealth
27 or to licensed gaming, or both.

28 Section 350. Detention of persons.

29 (a) General rule.--Any operator licensee or any of its
30 officers or employees who have probable cause for believing that

1 there has been a violation of this chapter on its riverboat by
2 any person may take that person into custody and detain him on
3 the riverboat in a reasonable manner and for a reasonable length
4 of time. Such a taking into custody and detention do not render
5 the operator licensee or its officers, employees or agents
6 criminally or civilly liable unless it is established by clear
7 and convincing evidence that the taking into custody and
8 detention are unreasonable under all the circumstances.

9 (b) Posting requirement.--An operator licensee or its
10 officers or employees is not entitled to the immunity from
11 liability provided in subsection (a) unless there is displayed
12 in a conspicuous place in the establishment a notice in boldface
13 type clearly legible and in substantially this form:

14 Any operator licensee or any officers or employees of a
15 licensee having probable cause to believe that any person
16 has violated any provision of the Pennsylvania Waterfront
17 Development and Riverboat Gaming chapter of the Gaming
18 Control Act may detain that person in the establishment.

19 Section 351. Exemption from civil and criminal liability.

20 An operator licensee or its officers, employees or agents may
21 question any person on a riverboat suspected of violating any
22 provision of this chapter. An operator licensee or its officers,
23 employees or agents is not criminally or civilly liable:

24 (1) on account of any such questioning; or

25 (2) for reporting to the commission or law enforcement
26 authorities the person suspected of the violation.

27 Section 352. Recordkeeping and reporting.

28 (a) Records.--Each operator licensee shall keep its books
29 and records to clearly show the total amount of gross gaming
30 revenue and other revenues received.

(b) Not public records.--The books and records kept by an operator licensee relating to gaming operations as provided by this section are not to be considered public records. The commission may, however, publish and disseminate gaming revenues of each operator licensee at such frequency and in such detail as it deems appropriate.

Section 353. Internal control systems; internal audits.

(a) Elements.--Each operator licensee shall adopt an internal control system which shall include without limitation provisions for:

(1) the safeguarding of its assets and revenues, especially the recording of cash and evidences of indebtedness; and

(2) the provision of reliable records, accounts and reports of transactions, operations and events, including reports to the commission.

(b) Purposes.--The internal control system must be designed to reasonably ensure that:

(1) Assets are safeguarded.

(2) Financial records are accurate and reliable.

(3) Transactions are performed only in accordance with management's general or specific authorization.

(4) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes and to maintain accountability for assets.

(5) Access to assets is permitted only in accordance with management's specific authorization.

(6) Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies.

(7) Functions, duties and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

(c) Written internal control procedures.--Each operator licensee and each applicant for an operator license shall describe, in such manner as the commission may approve or require, its administrative and accounting procedures in detail in a written system of internal control. Each operator licensee and applicant for an operator license shall submit a copy of its written system to the commission. Each written system must include:

(1) An organizational chart depicting appropriate segregation of functions and responsibilities.

(2) A description of the duties and responsibilities of each position shown on the organizational chart.

(3) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of section 352.

(4) A written statement signed by the licensee's chief financial officer and the licensee's chief executive officer attesting that the system satisfies the requirements of this section.

(5) If the written system is submitted by an applicant, a letter from an independent certified public accountant stating that the applicant's written system has been reviewed by the certified public accountant and complies with the requirements of this section.

(6) Such other items as the commission may require.

(d) Minimum standards.--The commission shall adopt and publish minimum standards for internal control procedures.

1 Section 354. Responsibilities of Department of Revenue.

2 The department is charged with the administration and
3 collection of the taxes imposed under this chapter. The
4 department shall have the power to prescribe the forms to be
5 employed.

6 Section 355. Riverboat Gaming Tax.

7 A tax to be known as the Riverboat Gaming Tax is imposed on
8 the adjusted gross receipts received from games authorized by
9 this chapter at the rate of 20%. This tax shall be paid by all
10 operator licensees 20 days after the close of each month in
11 which wagers were made. All tax revenue remitted to the
12 Commonwealth shall be payable to the department and shall be
13 placed in the Education Challenge Fund.

14 Section 356. Admission tax.

15 Each operator licensee shall collect an admission tax of \$2
16 for each person embarking on a riverboat with a ticket of
17 admission. This tax shall be paid by all operator licensees 20
18 days after the close of each month. All tax revenue remitted to
19 the Commonwealth shall be payable to the department and shall be
20 placed in the Education Challenge Fund. If free passes or
21 complimentary admission tickets are issued, the operator shall
22 pay the same admission tax upon the passes or complimentary
23 tickets as if they were sold at the regular and usual admission
24 rate, except that the operator may issue tax-free passes to
25 actual and necessary officials and employees of the operator and
26 other persons actually working on the riverboat. The issuance of
27 tax-free passes is subject to the rules of the commission. A
28 list of all persons to whom tax-free passes are issued shall be
29 filed with the commission.

30 Section 357. Monthly reports.

1 In order to determine the amount of tax payable under this
2 chapter, it shall be the duty of every operator licensee to
3 submit to the department upon forms prepared and furnished by
4 the department monthly reports under oath or affirmation of an
5 operator licensee's principal officer, setting forth the
6 following financial information concerning the preceding fiscal
7 month:

8 (1) The number of admissions.

9 (2) The amount of gross receipts.

10 (3) The amount of adjusted gross receipts.

11 (4) The amount of taxes paid to the department.

12 (5) Such other information as the department shall
13 require.

14 Section 358. Limitations on taxes and license fees; exception.

15 No political subdivision, authority or governmental or quasi-
16 governmental instrumentality or taxing authority of this
17 Commonwealth shall impose any tax, fee or assessment on the
18 conduct of gaming or on operator licensees except as authorized
19 under this chapter, including, without limitation, a permit,
20 privilege, docking, gaming device, occupation or excursion tax
21 or fee. Nothing in this chapter precludes the imposition of
22 local real property taxes, sales taxes, hotel taxes or normal
23 fees for standard municipal services. This section shall not be
24 deemed to exempt operator licensees from taxes imposed under the
25 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
26 of 1971.

27 Section 359. Education Challenge Fund.

28 (a) Fund created.--There is hereby created the Education
29 Challenge Fund, hereinafter referred to as the fund. Revenues
30 from this fund shall be used to provide challenge grants to this

1 Commonwealth's public school districts for purposes of improving
2 student achievement and school performance in public school
3 districts. Authorized education programs for challenge grants
4 under this section must meet the criteria established by the
5 Education Accountability Council. The State Treasurer shall be
6 custodian of this fund, which shall be subject to the provisions
7 of law applicable to funds listed in section 302 of the act of
8 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code. Taxes
9 imposed pursuant to this chapter shall be received by the
10 department and paid to the State Treasurer and, along with
11 interest and penalties, less any refunds and credits paid, shall
12 be credited to the fund not less frequently than monthly. During
13 any period before the credit of moneys to the fund, interest
14 earned on moneys received by the department and paid to the
15 State Treasurer under this section shall be deposited into the
16 fund.

17 (b) Distribution of revenue.--

18 (1) The State Treasurer shall make distributions to
19 school districts pursuant to the schedule of payments
20 contained in section 2517 of the act of March 10, 1949
21 (P.L.30, No.14), known as the Public School Code of 1949, as
22 follows:

23 (i) The revenues in the fund shall be allocated to
24 this Commonwealth's 501 public school districts in
25 accordance with the following formula. The total moneys
26 available each school year shall be divided by the
27 Statewide total average daily membership and that amount
28 shall be multiplied by the average daily membership of
29 each school district. The result of this calculation
30 shall be multiplied by a school district's market value

1 personal income aid ratio.

2 (ii) The State Treasurer shall not distribute any
3 school district's share of the fund in subparagraph (i)
4 until a school district has completed an application for
5 challenge grants and the State Treasurer has received
6 certification of such approval by the council pursuant to
7 section 360.

8 (iii) Any revenues allocated to a school district
9 which has not completed an approved application shall be
10 distributed proportionately among the school districts
11 which have satisfied the requirement in subparagraph
12 (ii), based on their initial allocation.

13 (2) The revenues in the fund established in subsection

14 (a) shall not be used to replace State of Federal funds.

15 Section 360. Education Accountability Council.

16 (a) Council established.--The Educational Accountability
17 Council, hereinafter referred to as the council, is hereby
18 established as a departmental administrative council within the
19 Department of Education.

20 (b) Composition of council.--The council shall consist of
21 five members, who shall have experience in one or more of the
22 following areas: education administration, teaching, evaluation
23 of education programs, education policy analysis, financial
24 management in either the private or public sector, or experience
25 in management in either the private or public sector. The
26 members shall be appointed as follows:

27 (1) One member shall be appointed by the Governor.

28 (2) One member shall be appointed by the President pro
29 tempore of the Senate.

30 (3) One member shall be appointed by the Minority Leader

1 of the Senate.

2 (4) One member shall be appointed by the Speaker of the
3 House of Representatives.

4 (5) One member shall be appointed by the Minority Leader
5 of the House of Representatives.

6 The appointee of the Governor shall serve as chairman of the
7 council.

8 (c) Term.--Appointing authorities shall appoint the initial
9 members of the council within 30 days of the effective date of
10 this chapter. Members shall have no limit on their time of
11 service.

12 (d) Vacancies.--Whenever a vacancy occurs on the council,
13 the appointing authority who originally appointed the member
14 whose seat has become vacant shall appoint a successor member
15 within 30 days of the vacancy.

16 (e) Meetings.--The council shall meet as often as necessary
17 to carry out its responsibilities, but shall meet not less than
18 four times a year.

19 (f) Compensation and expenses.--The members of the council
20 shall receive reimbursement for their actual and necessary
21 expenses while performing the business of the council.

22 (g) Powers and duties.--The council shall have the following
23 powers and duties:

24 (1) Develop criteria and applications for the awarding
25 of challenge grants.

26 (2) Evaluate and approve all applications for challenge
27 grants.

28 (3) Certify to the State Treasurer that a school
29 district's grant application grant has been approved.

30 (4) Require school districts that receive challenge

1 grants to file an annual performance report after the close
2 of the school year describing how funds were expended in the
3 prior year and the results achieved.

4 (5) Submit to the Governor and to the General Assembly
5 an annual report which includes an account of the council's
6 actions, a summary of the findings in the annual performance
7 reports submitted by the school districts to the council, and
8 any other information which the board deems significant or
9 which the Governor and the General Assembly may request.

10 (h) Staff and resources.--The council shall use the staff
11 and resources of the Department of Education to carry out its
12 responsibilities at no cost to the council.

13 Section 361. Prohibited activities; penalties.

14 (a) Exclusion of persons.--A person who uses or possesses
15 with intent to use a device or system to assist in the following
16 activities shall be ejected from a riverboat and may be excluded
17 from a riverboat pursuant to regulations established by the
18 commission:

19 (1) Projecting the outcome of a game.

20 (2) Keeping track of cards played.

21 (3) Analyzing the probability of the occurrence of an
22 event relating to a game.

23 (b) Misdemeanor offenses.--A person commits a misdemeanor of
24 the first degree for any of the following:

25 (1) Wagering or accepting a wager in violation of any
26 provision of section 345.

27 (2) Cheating at a game.

28 (3) Instructing another person in cheating or in the use
29 of any device for that purpose with the knowledge or intent
30 that the information or use so conveyed may be employed to

1 violate any provision of this chapter.

2 (4) Making a false statement on any application
3 submitted pursuant to this chapter.

4 (5) Knowingly permitting a person under the age of 21 to
5 wager in violation of section 347.

6 (c) Felony offenses.--A person commits a felony of the third
7 degree for any of the following:

8 (1) Offering, promising or giving anything of value or
9 benefit to a person who is connected with a riverboat gaming
10 operation, including, but not limited to, an officer or
11 employee of any person licensed under this chapter, as part
12 of an agreement or arrangement or with the intent that the
13 promise or thing of value or benefit will influence the
14 actions of the person to whom the offer, promise or gift was
15 made in order to influence or attempt to influence the
16 outcome of a game or to influence official action of a member
17 of the commission.

18 (2) Soliciting or knowingly accepting or receiving a
19 promise of anything of value or benefit while the person is
20 connected with a riverboat, including, but not limited to, an
21 officer or employee of any person licensed under this
22 chapter, pursuant to an understanding or arrangement or with
23 the intent that the promise or thing of value or benefit will
24 influence the actions of the person to affect or attempt to
25 affect the outcome of a game or to influence official action
26 of a member of the commission.

27 (3) Manufacturing, selling or distributing any card,
28 chip or gaming device which is intended to be used to violate
29 any provision of this chapter.

30 (4) Placing a bet after acquiring knowledge not

1 available to all players of the outcome of the game which is
2 the subject of the bet or aiding a person to acquire
3 knowledge for the purpose of placing a bet contingent on that
4 outcome.

5 (5) Knowingly using:

6 (i) a counterfeit chip or token in a game;

7 (ii) a chip or token which has not been approved by
8 the commission; or

9 (iii) a coin not of the same denomination as the
10 coin intended to be used in the game.

11 (6) Possession of a slug or paraphernalia for the
12 manufacturing of slugs.

13 (7) Possession of:

14 (i) a key or device designed for the purpose of
15 opening, entering or affecting the operation of a game,
16 drop box or electronic or mechanical device connected
17 with a game or for removing coins, tokens, chips or other
18 contents of a game; or

19 (ii) any other device intended to be used to violate
20 a provision of this chapter. This paragraph does not
21 apply to an operator licensee or to an employee of an
22 operator licensee acting in furtherance of the employee's
23 employment.

24 (8) Claiming, collecting or taking or attempting to
25 claim, collect or take money or anything of value in or from
26 a game with intent to defraud, without having made a wager
27 contingent on winning a game or claiming, collecting or
28 taking an amount of money or thing of value of greater value
29 than the amount won.

30 (9) Reducing the amount wagered or canceling the bet

1 after acquiring knowledge of the outcome of the game or other
2 event which is the subject of the bet, including pinching
3 bets.

4 (10) Manipulating with the intent to cheat any component
5 of a gaming device in a manner contrary to the designed and
6 normal operational purpose of the component, including, but
7 not limited to, varying the pull of the handle of a slot
8 machine, with knowledge that the manipulation affects the
9 outcome of the game or with knowledge of any event that
10 affects the outcome of the game.

11 (11) Marking, altering or otherwise modifying any gaming
12 device in a manner that:

13 (i) affects the result of a wager by determining win
14 or loss; or

15 (ii) alters the normal criteria of random selection
16 which affects the operation of a game or which determines
17 the outcome of a game.

18 (12) Willfully failing to report, account for or pay any
19 license fee, tax or other payment required by this chapter.

20 (13) Knowingly possessing any slot machine or gaming
21 device which has been manufactured, sold or distributed in
22 violation of this chapter.

23 (d) Civil penalties.--In addition to other penalties
24 provided, any person who:

25 (1) conducts a gaming operation without first obtaining
26 a license to do so;

27 (2) continues to conduct such games after revocation of
28 his license; or

29 (3) conducts or allows to be conducted any unauthorized
30 games on a riverboat

1 shall be subject to a civil penalty equal to the amount of gross
2 receipts derived from wagering on the games, whether authorized
3 or unauthorized, conducted on that day, as well as confiscation
4 and forfeiture of all game equipment used in the conduct of
5 unauthorized games.

6 (e) Rebuttable inference of intent to cheat.--Possession of
7 any of the devices described in subsection (a) or (c)(3), (5),
8 (7) or (8) permits a rebuttable inference that the possessor
9 intended to use them for cheating.

10 (f) Certain persons barred from riverboats.--A person
11 convicted of a felony under this section shall be excluded from
12 all riverboats.

13 (g) Venue.--An action to prosecute a crime occurring on a
14 riverboat shall be tried in the county where the riverboat is
15 docked.

16 Section 362. Riverboat liquor license.

17 (a) Establishment.--There is hereby established and the
18 Pennsylvania Liquor Control Board shall have the authority to
19 issue a retail liquor license known as a riverboat liquor
20 license for the sale of liquor, alcohol and malt or brewed
21 beverages for consumption only on the premises of a riverboat
22 licensed and operated under the provisions of this chapter.

23 (b) Hours of operation.--The holder of a riverboat liquor
24 license may sell and serve liquor, alcohol and malt or brewed
25 beverages only during the hours of operation of the riverboat as
26 approved by the commission.

27 (c) License conversion.--Upon receipt of written
28 notification from the commission of the successful applicants
29 for operator licenses issued under this chapter, the
30 Pennsylvania Liquor Control Board shall convert any restaurant

1 liquor license held by or transferred to the successful
2 applicant into a riverboat liquor license.

3 Section 363. Cooperation.

4 The Pennsylvania Liquor Control Board and the commission
5 shall enter into cooperative agreements to facilitate the
6 effective and efficient administration of the provisions of this
7 chapter.

8 CHAPTER 5

9 RACETRACK GAMING

10 Section 501. Definitions.

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

14 "Associated equipment." Any equipment or mechanical,
15 electromechanical or electronic contrivance, component or
16 machine used in connection with gaming, including links which
17 connect to progressive slot machines, equipment which affects
18 the proper reporting of gross revenue, computerized systems for
19 monitoring gaming devices and devices for weighing or counting
20 money.

21 "Board." The Racetrack Gaming Control Board established
22 under section 502.

23 "Fund." The State Gaming Fund established under section 510.

24 "Gaming employee." Any employee, including, but not limited
25 to:

- 26 (1) cashiers;
- 27 (2) change personnel;
- 28 (3) counting room personnel;
- 29 (4) floormen;
- 30 (5) hosts or other persons authorized to extend

- 1 complimentary services;
- 2 (6) machine mechanics;
- 3 (7) security personnel; and
- 4 (8) supervisors or managers.

5 The term also includes employees of a person holding a
6 supplier's license whose duties are directly involved with
7 manufacture, repair or distribution of slot machines under this
8 chapter. The term does not include bartenders, cocktail servers
9 or other persons engaged solely in preparing or serving food or
10 beverage, secretarial personnel, janitorial, stage, sound and
11 light technicians and other nongaming personnel.

12 "Gross revenue." The total of cash or the cash equivalent
13 received by a slot machine minus the total of:

14 (1) Cash or the cash equivalent paid out to patrons as a
15 result of playing a slot machine.

16 (2) Cash paid to purchase annuities to fund cash paid to
17 patrons over several years by independent administrators as a
18 result of playing a slot machine.

19 (3) Any personal property distributed to a patron as the
20 result of playing a slot machine but not travel expenses,
21 food, refreshments, lodging or services. The term "gross
22 revenue" does not include counterfeit money or tokens, coins
23 of other countries which are received in slot machines,
24 except to the extent that they are readily convertible to
25 official currency, cash taken in fraudulent acts perpetrated
26 against a slot machine licensee for which the licensee is not
27 reimbursed, or cash received as entry fees for contests or
28 tournaments in which the patrons compete for prizes.

29 "Licensed corporations." Corporations that have obtained a
30 license from either the State Horse Racing Commission or the

1 State Harness Racing Commission to conduct thoroughbred or
2 harness horse race meetings respectively with pari-mutuel
3 wagering.

4 "Nonprimary location." Any facility in which pari-mutuel
5 wagering is conducted by licensed corporations other than the
6 racetrack location.

7 "Person." A natural person, corporation, organization,
8 business trust, estate, trust, partnership, association or any
9 other legal entity.

10 "Progressive jackpot." A prize that increases as one or more
11 slot machines are connected to a progressive system.

12 "Progressive system." A computerized system linking gaming
13 devices in one or more licensed establishments and offering one
14 or more common progressive jackpots.

15 "Race Horse Industry Reform Act." The act of December 17,
16 1981 (P.L.435, No.135), known as the Race Horse Industry Reform
17 Act.

18 "Racetrack." The physical facility where a licensed
19 corporation conducts thoroughbred or harness race meetings
20 respectively with pari-mutuel wagering.

21 "Slot machine." Any mechanical, electrical or other device,
22 contrivance or machine approved by the board which, upon
23 insertion of a coin, token or similar object therein, or upon
24 payment of any consideration whatsoever, is available to play or
25 operate, the play or operation of which, whether by reason of
26 the skill of the operator or application of the element of
27 chance, or both, may deliver or entitle the person playing or
28 operating the machine to receive cash or tokens to be exchanged
29 for cash, or to receive merchandise or any thing of value
30 whatsoever, whether the payoff is made automatically from the

1 machine or in any other manner.

2 "Slot machine license." A license authorizing a licensed
3 corporation to place and operate slot machines at its racetrack
4 pursuant to this chapter.

5 "Slot machine licensee." A licensed corporation which
6 obtains a slot machine license.

7 "Supplier." A person who manufactures, assembles, produces,
8 programs, sells, leases, markets, offers or otherwise produces,
9 distributes or makes modifications to any slot machine for use
10 or play in this Commonwealth.

11 Section 502. Racetrack Gaming Control Board established.

12 (a) Establishment of board.--There is hereby established a
13 Racetrack Gaming Control Board as a departmental administrative
14 board within the Department of Revenue.

15 (b) Composition of the board.--The board shall consist of
16 the following five members:

17 (1) Three members who shall be appointed by the Governor
18 with the advice and consent of the Senate.

19 (2) The chairperson of the State Horse Racing
20 Commission.

21 (3) The chairperson of the State Harness Racing
22 Commission.

23 The Secretary of Revenue and Secretary of Agriculture shall
24 serve as nonvoting ex officio members.

25 (c) Members.--All members shall be reimbursed for all
26 necessary and actual expenses.

27 (d) Chairman.--The chairman shall be selected by the
28 Governor to serve a term designated by the Governor.

29 (e) Terms.--The governor shall appoint the initial three
30 appointees within 60 days of completion of the referenda

1 requirements of this chapter. The three members of the board
2 appointed by the Governor shall each serve three-year terms,
3 except that the initial appointees shall have staggered terms so
4 that one member shall be appointed for a one-year term, one
5 member shall be appointed for a two-year term and one member
6 shall be appointed for a three-year term.

7 (f) Qualifications.--The three members of the board
8 appointed by the Governor shall have the following
9 qualifications:

10 (1) One member shall be a person having a minimum of
11 five years of responsible administrative experience in public
12 or business administration and possessing broad management
13 skills.

14 (2) One member shall be a certified public accountant
15 licensed to practice in this Commonwealth with experience in
16 gaming related activities.

17 (3) One member shall possess substantial experience of a
18 senior nature in law enforcement.

19 Section 503. Powers and duties.

20 (a) General duties.--The board shall establish, administer
21 and ensure the integrity of slot machines at racetracks and
22 shall have jurisdiction over the location and operation of slot
23 machines at racetracks. The board shall employ an executive
24 director, deputies, secretaries, officers and representatives as
25 it may deem necessary, who shall serve at the board's pleasure.
26 The board shall also employ other employees as they see fit and
27 whose duties and compensation shall be prescribed by the board.
28 Legal counsel for the board shall be appointed in accordance
29 with the act of October 15, 1980 (P.L.950, No.164), known as the
30 Commonwealth Attorneys Act. The board shall be subject to the

1 provisions of the act of April 9, 1929 (P.L.177, No.175), known
2 as The Administrative Code of 1929, as to classification and
3 compensation for all its employees and conduct its activities
4 consistent with the practices and procedures of Commonwealth
5 agencies.

6 (b) Specific powers and duties.--The board shall have the
7 following specific powers and duties:

8 (1) Investigate, evaluate and decide upon applications
9 for all licenses provided for in this chapter.

10 (2) Issue slot machine licenses pursuant to the
11 provisions of section 504.

12 (3) Promulgate regulations as the board deems necessary
13 to carry out the policy and purposes of this chapter and to
14 enhance the credibility and integrity of racetrack gaming
15 devices in this Commonwealth. Notwithstanding any other
16 provision of law to the contrary, and in order to facilitate
17 the prompt implementation of this chapter, regulations
18 promulgated by the board during the first year of its
19 existence shall not be subject to notice of proposed
20 rulemaking pursuant to section 204 of the act of July 31,
21 1968 (P.L.769, No.240), referred to as the Commonwealth
22 Documents Law. Regulations adopted after the one-year period
23 shall be promulgated, adopted and published as provided by
24 law.

25 (4) The board, or designated officers, employees or
26 agents of the board, shall have the power to administer
27 oaths, examine witnesses and may issue subpoenas to compel
28 attendance of witnesses and production of all relevant and
29 material reports, books, papers, documents and other
30 evidence.

1 (5) Levy and collect fees from the various licensees and
2 permittees sufficient to fund all of the operations of the
3 board. The fees shall be paid to the State Treasury through
4 the Department of Revenue and credited to the board for its
5 operations.

6 (6) Levy and collect an annual payment by slot machine
7 licensees of \$150 per slot machine in operation as of
8 September 1 of each calendar year beginning with September 1
9 after the effective date of this section. This fee shall be
10 deposited into a restricted receipts account to be annually
11 appropriated by the General Assembly for programs designated
12 by the General Assembly to provide treatment to compulsive
13 gamblers.

14 (7) Provide for the assessment and collection of fines
15 and penalties for violations of this chapter. All fines and
16 penalties shall be credited for deposit to the general fund.

17 (8) Revoke or suspend any license provided for in this
18 chapter if the board finds by a preponderance of the evidence
19 that a licensee under this chapter, its officers, employees
20 or agents do not comply with the provisions of this chapter
21 or the rules and regulations of the board and that it would
22 be in the public interest, convenience or necessity to revoke
23 or suspend the license. None of the licenses provided for in
24 this chapter are transferable or assignable in any manner.

25 (9) Restrict access to confidential information obtained
26 under this chapter and ensure that the confidentiality of
27 information is maintained and protected.

28 (10) Prescribe financial reporting and internal control
29 requirements for slot machine licensees operating slot
30 machines pursuant to section 504.

1 (11) Prescribe the manner in which gross revenue must be
2 computed and reported by the slot machine licensee relating
3 to slot machines.

4 (12) Require audits of the financial statements of all
5 slot machine licensees operating slot machines.

6 (13) Require periodic financial reports from each slot
7 machine licensee consistent with standards and intervals
8 prescribed by the board.

9 (14) Prescribe the procedures to be followed by slot
10 machine licensees for cash transactions affecting slot
11 machines.

12 (15) Prescribe criteria and conditions for the operation
13 of slot machine progressive systems.

14 (16) Enforce the prescribed hours for the operation of
15 slot machines, so that slot machine licensees may operate
16 slot machines on any day, except Christmas day, between the
17 hours of 10 a.m. on one day until 2 a.m. the next day.

18 (17) Prohibit the offering of free alcohol or free malt
19 or free brewed beverages to patrons operating or using slot
20 machines.

21 (18) Prohibit wagering by persons under 21 years of age
22 on slot machines.

23 (19) Establish procedures for the inspection and
24 certification of each slot machine prior to being placed into
25 use at the racetrack by a slot machine licensee. No slot
26 machine may be set to pay out less than 87% or more than 95%
27 of all wagers on an average annual basis unless specifically
28 approved otherwise by the board.

29 (c) Reports required.--The following reports shall be
30 required annually:

1 (1) Eighteen months after the effective date of this
2 chapter and every year on that date thereafter, the board, in
3 conjunction with the Department of Revenue, shall issue a
4 report to the Governor and the General Assembly on the
5 general operation of the board, including, but not limited
6 to, all taxes, fees, fines and other revenues collected and,
7 where appropriate, disbursed, all hearings conducted and the
8 results of, and other information that the board deems
9 necessary and appropriate.

10 (2) Eighteen months after the effective date of this
11 chapter and every year on that date thereafter, the
12 Legislative Budget and Finance Committee shall issue a report
13 to the General Assembly analyzing the impact, if any, of this
14 chapter, on the State Lottery.

15 Section 504. Authorized slot machine licenses.

16 (a) Requirements.--A licensed corporation shall be entitled
17 to receive a slot machine license to place and operate slot
18 machines at its racetrack subject to the referenda provisions of
19 Chapter 7 (relating to conduct of referenda) if that licensed
20 corporation meets all of the following:

21 (1) The licensed corporation has conducted live racing
22 or its predecessor has conducted live racing within the two
23 years immediately preceding the enactment of this chapter.

24 (2) The licensed corporation maintains its license to
25 conduct racing in good standing with the appropriate
26 commission.

27 (3) The licensed corporation continues to provide for
28 live horse racing as provided for in the Race Horse Industry
29 Reform Act.

30 (4) The licensed corporation abides by all of the

provisions and regulations of this chapter.

(b) Limitation.--The issuance of a slot machine license shall entitle the licensee to operate slot machines within the approved facility. Authorization to continue the operation of slot machines shall be limited to those slot machine licensees:

(1) That have a written live racing agreement with a horsemen's organization representing a majority of owners and trainers at the racetrack where the licensed corporation conducts racing dates.

(2) That have scheduled 95% of the total number of horse or harness racing days scheduled in 1986 by it or its predecessor at the racetrack where the licensed corporation conducts racing dates.

(3) That, subject to actions or activities beyond the control of the licensee, conduct not fewer than eight live races per race date during each meet at the racetrack where the licensed corporation conducts racing dates, except for thoroughbred tracks on the day designated as Breeder's Cup Event Day, when the racetrack shall hold a minimum of five live races. The horsemen's organizations representing a majority of owners and trainees at a racetrack may consent to waiving or modifying the provisions pertaining to the required number of racing days under subsection (b)(2) and races per day scheduled in this subsection by the licensed corporation at that racetrack.

(4) Notwithstanding the provisions of paragraph (1), in the event that a written live racing agreement has not been entered into, permission for any gaming device licensee to operate gaming devices shall be granted, provided that the licensed corporation has continued to conduct live racing or

1 has scheduled to conduct live racing in accordance with
2 paragraphs (2) and (3) and keeps its racetrack open to the
3 general population of owners, trainers and horses currently
4 stabled there for training and stabling on a regular basis
5 during the periods when it is normally open for live racing
6 and, during such period, pays as purses the applicable
7 statutory percentages of the licensed corporations' retention
8 of moneys from pari-mutuel pools or, if the percentages are
9 not mandated by statute, pays as purses 50% of the licensed
10 corporations' retention of moneys from pari-mutuel pools or
11 50% of the licensed corporations' share of moneys from the
12 simulcasting of its live races to other locations, plus the
13 applicable purse revenue for operating a gaming device
14 license under this section.

15 (c) Disqualification.--No applicant that has been convicted,
16 in any jurisdiction, of a felony, crime of moral turpitude or
17 gambling offense may be issued a slot machine license under this
18 chapter.

19 Section 505. Slot machine license application.

20 (a) Application.--Any licensed corporation which meets the
21 requirements of section 504 that desires to install slot
22 machines and operate or alter the number of or location of slot
23 machines within its racetrack shall file an application form
24 with the board.

25 (b) Board.--Pursuant to subsection (a), an application form
26 shall be developed by the board.

27 (c) Contents of application.--The application form for a
28 license shall include, but not be limited to:

29 (1) The name and address of the licensed corporation.

30 (2) The proposed location of the gaming devices within

1 the racetrack facility. No application shall be approved
2 which contains a request for placement of slot machines in a
3 hotel, motel or other overnight sleeping facility.

4 (3) The number of slot machines requested. An applicant
5 shall be entitled to receive approval for the operation of a
6 total of 1,500 slot machines upon initial application to the
7 board provided that the applicant fulfills all of the
8 remaining qualifications for licensure. No application for
9 additional slot machines may be considered by the board until
10 after the initial 1,500 slot machines have been in operation
11 for six months. The board's review of applications for
12 additional slot machines shall include, but not be limited
13 to, an analysis of the racetrack slot machine competition in
14 surrounding states and the evaluation of unmet demand for
15 slot machines at that racetrack facility.

16 (4) The justification and explanation for the number and
17 location of the gaming devices within the racetrack facility.

18 (5) The current standing of the licensed corporation's
19 racetrack license.

20 (6) A specified comment section for the respective
21 commission regulating the applicant to make comments and
22 suggestions.

23 (7) Any other information determined to be essential by
24 the board.

25 Section 506. Slot machine accounting controls and audits.

26 (a) Required approval.--Each licensed corporation which
27 desires to install and operate slot machines at its racetrack
28 shall first obtain approval of its internal control systems and
29 audits from the board.

30 (b) Controls and audits.--At a minimum, the internal

1 controls and audits shall consist of:

2 (1) The safeguarding of its assets and revenues,
3 especially the recording of cash and evidences of
4 indebtedness related to the slot machines.

5 (2) The provision of reliable records, accounts and
6 reports of transactions, operations and events, including
7 reports to the board related to the slot machines.

8 (3) The ensuring that all slot machines within each
9 racetrack facility are directly connected to each racetrack's
10 central computerized system and can provide details of all
11 transactions, including, but not limited to, coin in, coin
12 out, jackpots, machine door openings and power failures.

13 (c) Additional requirements.--The internal controls and
14 audits shall also be designed to reasonably ensure that all of
15 the following issues related to slot machines are addressed:

16 (1) Assets are safeguarded.

17 (2) Financial records are accurate and reliable.

18 (3) Transactions are performed only in accordance with
19 the management's general or specific authorization.

20 (4) Transactions are recorded adequately to permit
21 proper and timely reporting of gaming revenue and of fees and
22 taxes and to maintain accountability for assets.

23 (5) Access to assets is permitted only in accordance
24 with management's specific authorization.

25 (6) Recorded accountability for assets is compared with
26 actual assets at reasonable intervals and appropriate action
27 is taken with respect to any discrepancies.

28 (7) Functions, duties and responsibilities are
29 appropriately segregated and performed in accordance with
30 sound practices by competent, qualified personnel.

(d) Copy of system.--Each licensed corporation which seeks to operate slot machines at its racetrack shall describe, in the manner the board may approve or require, its administrative and accounting procedures in detail in a written system of internal control. Each licensed corporation which seeks to operate slot machines at its racetracks shall submit a copy of its written system to the board. Each written system shall include:

(1) An organizational chart depicting appropriate segregation of functions and responsibilities.

(2) A description of the duties and responsibilities of each position shown on the organizational chart.

(3) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection (a).

(4) A written statement signed by the chief financial officer of the licensed corporation and the chief executive officer of the licensed corporation attesting that the system satisfies the requirements of this section.

(5) Any other item that the board may require.

(e) Other requirements.--A slot machine licensee may submit other internal controls and audits to the board which it or the board deems necessary to implement this chapter.

Section 507. Supplier licenses and applications.

(a) Suppliers.--Any person that desires to supply slot machines or associated equipment to a slot machine licensee shall apply to the board for a supplier license.

(b) Application.--The application for a supplier license shall include, but not be limited to:

(1) The name and business address of the person.

(2) The length of time the person has been in the

1 business related to the application.

2 (3) The background and financial standing of the person.

3 (4) Details of any supplier license granted by other
4 jurisdictions where gaming is legal.

5 (5) The type of goods and services to be supplied.

6 (6) Any other information and details the board may
7 require.

8 (c) Qualifications.--

9 (1) Any supplier that the board determines is qualified
10 to receive a supplier license under the provisions of this
11 section may be issued a license.

12 (2) A license shall not be granted unless the board
13 finds that the applicant satisfies all of the following
14 criteria:

15 (i) The applicant is a person of good character,
16 honesty and integrity. In making this determination, the
17 board shall include a review of the applicant's criminal
18 history as compiled by the Pennsylvania State Police. If
19 the applicant has been convicted, in any jurisdiction, of
20 a felony, a crime related to the activities of gambling
21 or a crime of moral turpitude, then the board shall not
22 issue a license under this section.

23 (ii) The applicant is a person whose prior
24 activities, criminal record, if any, reputation, habits
25 and associations do not pose a threat to the public
26 interest or to the effective regulation and control of
27 gaming or create or enhance the dangers of unsuitable,
28 unfair or illegal practices, methods and activities in
29 the conduct of gaming or the carrying on of the business
30 and financial arrangements incidental to it.

(iii) The applicant in all other respects is qualified to be licensed or found suitable consistent with the laws of this Commonwealth.

Section 508. Occupation permit and applications.

(a) Permit.--Any person that desires to be a gaming employee shall apply to the board for an occupation permit. A person may not be employed as a gaming employee unless the person holds an appropriate occupation permit issued under this section.

(b) Application for permit.--The application for an occupation permit shall include, but not be limited to:

(1) The name and home address of the person.

(2) The previous employment history of the person.

(3) Any criminal record of the person.

(4) The nature and scope of the proposed duties of the person.

(5) Any other information and details the board may require.

(c) Issuance of permit.--

(1) Any person that the board determines to be qualified to receive an occupation permit under the provisions of this section may be issued a permit.

(2) A permit shall not be granted unless the board finds that the applicant satisfies all of the following criteria:

(i) The applicant is a person of good character, honesty and integrity. In reviewing remaining criminal convictions, the board shall evaluate the seriousness and nature of the offense; the date of the offense; and the applicant's evidence of rehabilitation and the occupation for which the applicant seeks a permit in making its determination under this section.

(ii) The applicant is a person whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest or to the effective regulation and control of gaming or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental to it.

(iii) The applicant is in all other respects qualified to be licensed or found suitable consistent with the laws of this Commonwealth.

Section 509. Additional licenses and permits.

(a) Other requirements.--The board may determine the suitability of any person who furnishes services or property to a slot machine licensee related to slot machines at its racetrack under any arrangements under which that person receives payments based directly or indirectly on earnings, profits or receipts from the slot machines. The board may require any person to comply with the requirements of this chapter and the regulations of the board.

(b) Other permits.--The board may require a license or permit from any person who satisfies any one of the following criteria:

(1) The person does business on the premises.

(2) The person does business with a slot machine licensee as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion related to slot machines.

(3) The person provides any goods or services to a slot machine licensee related to slot machines at the racetrack

1 for a compensation which the board finds to be
2 disproportionate to the value of the goods or services.

3 (c) Approval or agreement.--Any agreement which entitles a
4 person to conduct a business with a slot machine licensee
5 relating to slot machines is subject to the approval of the
6 board. Every agreement shall be in writing and include a
7 provision for its termination without liability on the part of
8 the slot machine licensee upon a finding by the board that the
9 agreement is not approved or that it is terminated. Failure to
10 expressly include this condition in the agreement is not a
11 defense in any action brought under this section to terminate
12 the agreement.

13 Section 510. Slot machine tax; State Gaming Fund; distributions
14 from fund.

15 (a) Fund.--There is hereby established the State Gaming
16 Fund.

17 (b) Tax.--All slot machine licensees shall pay a tax in the
18 amount of 25% of the gross revenue arising from the operation of
19 the slot machines.

20 (c) Collection.--The tax imposed by this section shall be
21 paid by the slot machine licensees through the department for
22 credit to the fund monthly on or before the twentieth day of the
23 month next succeeding the month in which the tax accrues.

24 (d) Distribution.--The board shall distribute moneys from
25 the fund together with the interest earned thereon at least once
26 annually on September 1, 2000, and each September 1 thereafter
27 to the State Treasurer for deposit in the following manner:

28 (1) Fifty percent less \$5,000,000 shall be directed each
29 school year to funding public education programs in all 501
30 school districts in this Commonwealth. The balance shall be

1 distributed in accordance with the following formula. Divide
2 the total funds available each school year by the total
3 number of children in low-income families, as defined in
4 section 2501(21) of the act of March 10, 1949 (P.L.30,
5 No.14), known as the Public School Code of 1949, during the
6 school year prior to the school year in which payments shall
7 be made. Multiply this amount by the total number of such
8 students in a school district during the school year prior to
9 the school year during which payments shall be made.

10 (2) The sum of \$5,000,000 shall be allocated to fund the
11 temporary special aid to school districts suffering loss of
12 tax revenue due to reduction in assessed valuation of taxable
13 property pursuant to section 2502.30 of the Public School
14 Code of 1949.

15 (3) Fifteen percent shall be transferred to the
16 Department of Community and Economic Development for stadium
17 and exposition facilities and other capital projects.

18 (4) Twelve percent shall be distributed for regional
19 economic development initiatives among the regions hosting a
20 racetrack which operates slot machines based upon the
21 licensed corporation's percentage of contribution to the
22 fund.

23 (5) Eight percent shall be transferred to the State Fire
24 Commissioner in order to establish and fund the Volunteer
25 Fire Company Grant Program. This program shall operate under
26 the guidelines and procedures promulgated by an oversight
27 board composed of the State Fire Commissioner and one member
28 appointed by each of the following: the President Pro Tempore
29 of the Senate, the Minority Leader of the Senate, the Speaker
30 of the House of Representatives, and the Minority Leader of

1 the House of Representatives.

2 (6) Ten percent shall be transferred to the Department
3 of Aging for augmentation of the PACE program.

4 (7) Two percent shall be transferred to the Department
5 of Community and Economic Development for open space
6 preservation.

7 (8) Two percent shall be distributed among the counties
8 hosting a racetrack which operates slot machines based upon
9 the licensed corporation's percentage of contribution to the
10 fund. If the racetrack is located in two or more counties,
11 the amount available shall be distributed on a pro rata basis
12 determined by the percentage of acreage located in each
13 county to the total acreage in all counties occupied by the
14 racetrack.

15 (9) One percent shall be distributed among the
16 municipalities hosting a racetrack which operates slot
17 machines based upon the licensed corporation's percentage of
18 contribution to the fund. If the racetrack is located in two
19 or more municipalities, the amount available shall be
20 distributed on a pro rata basis determined by the percentage
21 of acreage located in each municipality to the total acreage
22 in all municipalities occupied by the racetrack.

23 (e) Collections and refunds.--If the amount of tax required
24 to be reported and paid pursuant to this section is later
25 determined to be greater or less than the amount actually
26 reported and paid by the licensed corporation, the board shall:

27 (1) assess and collect the additional tax determined to
28 be due with interest thereon until paid; or

29 (2) provide for a refund of any overpayment, with
30 interest thereon, to the licensed corporation.

(f) Regions.--

(1) Except as provided in paragraph (2), the Department of Community and Economic Development shall define a region for purposes of regional economic development initiatives to be funded from the taxes paid by slot machine licensees. At minimum, a region shall include the county hosting a racetrack which operates slot machines and each of its contiguous counties.

(2) The southwest region shall include the following counties: Washington, Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana and Westmoreland.

Section 511. Pennsylvania Standardbred Breeders' Development Fund.

(a) Restricted account.--There is hereby created a restricted account in the State Racing Fund to be known as the Pennsylvania Standardbred Breeders' Development Fund, which shall consist of the money appropriated under the provisions of section 513 and which shall be administered by the State Harness Racing Commission.

(b) Awards.--After the deduction of expenses related to the administration and development of the Pennsylvania Standardbred Breeders' Development Fund program incurred by the Pennsylvania Standardbred Breeders' Association, the State Harness Racing Commission shall, by rule or regulation, provide for Pennsylvania Stallion Award, Pennsylvania Bred Award and Pennsylvania Sired and Bred Award as follows:

(1) The Pennsylvania Stallion Award as calculated in subsection (c)(2) shall be paid to the owner or, if applicable, the syndicate manager to be distributed to the owners of a standardbred stallion standing in Pennsylvania

1 based upon the winnings of any standardbred horse sired by
2 the standardbred stallion standing in Pennsylvania in any
3 Pennsylvania pari-mutuel or fair race. The total winnings by
4 all Pennsylvania-sired standardbred horses in all
5 Pennsylvania pari-mutuel or fair races shall bear a weight
6 factor of one in the distribution formula set forth in
7 subsection (c)(2).

8 (2) The Pennsylvania Bred Award as calculated in
9 subsection (c)(2) shall be paid to the breeder of record of a
10 Pennsylvania bred standardbred horse. A Pennsylvania bred
11 standardbred horse shall be a standardbred horse foaled and
12 remaining in Pennsylvania at least 90 consecutive days after
13 foaling, but sired by a stallion standing outside
14 Pennsylvania. The award shall be paid to the breeder of
15 record of a Pennsylvania bred standardbred horse based upon
16 the winnings of the Pennsylvania bred standardbred horse in
17 any Pennsylvania pari-mutuel or fair race. The total winnings
18 by all Pennsylvania bred standardbred horses in all
19 Pennsylvania pari-mutuel or fair races shall bear a weight
20 factor of two in the distribution formula set forth in
21 subsection (c)(2).

22 (3) The Pennsylvania Sired and Bred Award as calculated
23 in subsection (c)(2) shall be paid to the breeder of record
24 of a Pennsylvania sired and bred standardbred horse. A
25 Pennsylvania sired and bred standardbred horse shall be a
26 standardbred horse foaled and remaining in Pennsylvania at
27 least 90 consecutive days after foaling and sired by a
28 stallion standing in Pennsylvania. The award shall be paid to
29 the breeder of record of a Pennsylvania sired and bred
30 standardbred horse based upon the winnings of the

1 Pennsylvania sired and bred standardbred horse in any
2 Pennsylvania pari-mutuel or fair race. The total winnings by
3 all Pennsylvania sired and bred standardbred horses in all
4 Pennsylvania pari-mutuel or fair races shall bear a weight
5 factor of seven in the distribution formula set forth in
6 subsection (c)(2).

7 (c) Adjustment factor.--

8 (1) The adjustment factor shall be calculated as
9 provided in this subsection. At the end of each calendar
10 year, the total purses won in Pennsylvania pari-mutuel or
11 fair races by horses qualifying under each of the categories
12 in subsection (b) shall be determined. After the total purses
13 won by horses in each category are determined, the weighting
14 factors described in subsection (b) shall be applied to the
15 total amount in each category, resulting in a weighted total
16 amount for each category. The weighted total amount in each
17 category shall be aggregated into a weighted grand total. The
18 total amount in the Pennsylvania Standardbred Breeders'
19 Development Fund at the end of each year, after deduction of
20 expenses described in subsection (e), shall be divided by the
21 weighted grand total, resulting in an adjustment factor.

22 (2) The total category awards and individual awards
23 shall be calculated as provided in this subsection. The
24 adjustment factor determined in subsection (c)(1) shall be
25 multiplied by the weighted total amount described in
26 subsection (c)(1) for each award category to determine the
27 total amount available for awards in each category. In order
28 to determine individual awards for each of the categories
29 described in subsection (b), the amount of money won in the
30 Pennsylvania pari-mutuel or fair race by the qualifying

1 standardbred horse shall be multiplied by the weighting
2 factor attributable to the particular category and the
3 adjustment factor.

4 (d) Payments.--The individual awards for each category under
5 subsection (b) shall be paid after calculation of the foregoing
6 amounts, which payment shall be made during the calendar year
7 following the year in which the applicable purses were won.

8 (e) Records.--The Pennsylvania Standardbred Breeders'
9 Association shall be the sole responsible body for the
10 registration and records of Pennsylvania stallions, Pennsylvania
11 bred and Pennsylvania sired and bred. The Pennsylvania
12 Standardbred Breeders' Association shall advise the State
13 Harness Racing Commission, when called upon, and shall determine
14 the qualifications for Pennsylvania stallions, Pennsylvania bred
15 and Pennsylvania sired and bred. Its registration and records
16 are hereby declared official Pennsylvania records. At the close
17 of each calendar year, the Pennsylvania Standardbred Breeders'
18 Association shall submit to the State Harness Racing Commission
19 for its approval an itemized budget of projected expenses for
20 the ensuing year relating to the administration and development
21 of the Pennsylvania Standardbred Breeders' Development Fund
22 program. The State Harness Racing Commission, on no more than a
23 quarterly basis, shall reimburse from the fund the Pennsylvania
24 Standardbred Breeders' Association for those expenses actually
25 incurred in the administration and development of the
26 Standardbred Breeders' Development Fund program.

27 Section 512. Uncashed pari-mutuel ticket fund.

28 The moneys forwarded by licensed corporations to the State
29 Treasurer through the Department of Revenue for uncashed pari-
30 mutuel tickets under section 202(b)(3) of the Race Horse

1 Industry Reform Act shall be distributed in the following
2 manner:

3 (1) One-half of the moneys forwarded by each corporation
4 licensed by the State Horse Racing Commission to conduct
5 pari-mutuel meets shall be divided equally among the
6 municipalities that host the nonprimary locations of that
7 licensed corporation.

8 (2) One-half of the moneys forwarded by each corporation
9 licensed by the State Horse Racing Commission to conduct
10 pari-mutuel meets shall be divided equally among the school
11 districts that host the nonprimary locations of that licensed
12 corporation.

13 (3) One-half of the moneys forwarded by each corporation
14 licensed by the State Harness Racing Commission to conduct
15 pari-mutuel meets shall be divided equally among the
16 municipalities that host the nonprimary locations of that
17 licensed corporation.

18 (4) One-half of the moneys forwarded by each corporation
19 licensed by the State Harness Racing Commission to conduct
20 pari-mutuel meets shall be divided equally among the school
21 districts that host the nonprimary locations of that licensed
22 corporation.

23 Section 513. Additional revenue disbursements.

24 (a) Disbursements.--Each slot machine licensee, after the
25 monthly payment of the slot machine tax, shall distribute from
26 the balance of the monthly gross revenues arising from the
27 operation of the slot machines of that licensee the following
28 amounts indicated in subsection (b), (c) or (d).

29 (b) Fewer than 2,000 slot machines.--If an average of 2,000
30 or fewer slot machines are operated by the slot machine licensee

1 at its racetrack during the month such gaming revenues are
2 received:

3 (1) Fourteen percent of the balance under subsection (a)
4 is to be used as additional moneys to fund the purses for the
5 live races at that racetrack, in addition to existing purse
6 agreements.

7 (2) (i) From licensed corporations that operate gaming
8 devices at thoroughbred racetracks, 3.5% of the balance
9 under subsection (a) is to be paid into the Pennsylvania
10 Breeding Fund as described in section 223 of the Race
11 Horse Industry Reform Act and distributed as directed
12 therein; or

13 (ii) from licensed corporations that operate gaming
14 devices at standardbred racetracks:

15 (A) One-half of 3.5% of the balance under
16 subsection (a) is to be paid to the Pennsylvania Sire
17 Stakes Fund as described in section 224 of the Race
18 Horse Industry Reform Act and distributed as directed
19 therein.

20 (B) One-half of 3.5% of the balance under
21 subsection (a) is to be paid to the Pennsylvania
22 Standardbred Breeders' Development Fund established
23 in section 511 and distributed to the Pennsylvania
24 Stallion Awards, Pennsylvania Bred Awards and
25 Pennsylvania Sired and Bred Awards as directed
26 therein.

27 (3) One-half percent of the balance under subsection (a)
28 is to be used to fund health and pension benefits for the
29 members of the horsemen's organizations representing the
30 owners and trainers at the racetrack of that licensed

1 corporation and, also to fund health insurance and benefits
2 to active and disabled thoroughbred jockeys or standardbred
3 drivers who are or were members of the thoroughbred jockeys'
4 or standardbred drivers' organization at the racetrack of
5 that licensed corporation as follows:

6 (i) Two hundred fifty thousand dollars annually from
7 each licensed corporation is to be paid to the
8 thoroughbred jockeys' or standardbred drivers'
9 organization at the racetrack of that licensed
10 corporation for health insurance, life insurance or other
11 benefits to active and disabled thoroughbred jockeys or
12 standardbred drivers in accordance with the rules of that
13 organization for eligibility for such benefits.

14 (ii) The balance of the 0.5% after the annual
15 payment under subparagraph (i) is to be paid to the
16 horsemen's organization at the racetrack of that licensed
17 corporation for health and pension benefits for its
18 members in accordance with the rules of that organization
19 for eligibility for such benefits.

20 (c) More than 2,000 slot machines.--If an average of more
21 than 2,000 but less than 2,501 slot machines are operated by the
22 gaming device licensee at its racetrack during the month such
23 gaming revenues are received:

24 (1) Fourteen and eight-tenths percent of the balance
25 under subsection (a) is to be used as additional moneys to
26 fund the purses for the live races at that racetrack in
27 addition to existing purse agreements.

28 (2) (i) From licensed corporations that operate slot
29 machines at thoroughbred racetracks, 3.7% of the balance
30 under subsection (a) is to be paid into the Pennsylvania

Breeding Fund as described in section 223 of the Race Horse Industry Reform Act and distributed as directed therein; or

(ii) from licensed corporations who operate slot machines at standardbred racetracks:

(A) One-half of the 3.7% of the balance under subsection (a) is to be paid to the Pennsylvania Sire Stakes Fund as described in Section 224 of the Race Horse Industry Reform Act and distributed as directed therein.

(B) One-half of the 3.7% of the balance under subsection (a) is to be paid to the Pennsylvania Standardbred Breeders' Development Fund established in section 511 and distributed to Pennsylvania Stallion Awards, Pennsylvania Bred Awards and Pennsylvania Sired and Bred Awards as directed therein.

(3) One-half percent of the balance under subsection (a) is to be used to fund health and pension benefits for the members of the horsemen's organization representing the owners and trainers at the racetrack of that slot machine licensee and, also to fund health insurance and benefits to active and disabled thoroughbred jockeys or standardbred drivers who are or were members of the thoroughbred jockeys' or standardbred drivers' organization at the racetrack of that licensed corporation as follows:

(i) Two hundred fifty thousand dollars annually from each licensed corporation is to be paid to the thoroughbred jockeys' or standardbred drivers' organization at the racetrack of that licensed

1 corporation for health insurance, life insurance or other
2 benefits to active and disabled thoroughbred jockeys or
3 standardbred drivers in accordance with the rules of that
4 organization for eligibility for such benefits.

5 (ii) The balance of the 0.5% after the annual
6 payment under subparagraph (i) is to be paid to the
7 horsemen's organization at the primary racetrack of that
8 licensed corporation for health and pension benefits for
9 its members in accordance with the rules of that
10 organization for eligibility for such benefits.

11 (d) More than 2,500 slot machines.--If an average of 2,501
12 slot machines or more are operated by the licensed corporation
13 at its racetrack during the month such gaming revenues are
14 received:

15 (1) Fifteen and six-tenths percent of the balance under
16 subsection (a) is to be used as additional moneys to fund the
17 purses for the live races at that racetrack in addition to
18 existing purse agreements.

19 (2) (i) From licensed corporations that operate slot
20 machines at thoroughbred racetracks, 3.9% of the balance
21 under subsection (a) is to be paid into the Pennsylvania
22 Breeding Fund as described in section 223 of the Race
23 Horse Industry Reform Act and distributed as directed
24 therein.

25 (ii) From licensed corporations who operated slot
26 machines at standardbred racetracks:

27 (A) One-half of the 3.9% of the balance under
28 subsection (a) is to be paid to the Pennsylvania Sire
29 Stakes Fund as described in section 224 of the Race
30 Horse Industry Reform Act and distributed as directed

1 therein.

2 (B) One-half of the 3.9% of the balance under
3 subsection (a) is to be paid to the Pennsylvania
4 Standardbred Breeders' Development Fund established
5 in section 511 and distributed to Pennsylvania
6 Stallion Awards, Pennsylvania Bred Awards and
7 Pennsylvania Sired and Bred Awards as directed
8 therein.

9 (3) One-half percent of the balance under subsection (a)
10 is to be used to fund health and pension benefits for the
11 members of the horsemen's organization representing the
12 owners and trainers at the racetrack of that licensed
13 corporation and, also to fund health insurance and benefits
14 to active and disabled thoroughbred jockeys or standardbred
15 drivers who are or were members of the thoroughbred jockeys'
16 or standardbred drivers' organization at the racetrack of
17 that licensed corporation as follows:

18 (i) Two hundred fifty thousand dollars annually from
19 each licensed corporation is to be paid to the
20 thoroughbred jockeys' or standardbred drivers'
21 organization at the racetrack of that licensed
22 corporation for health insurance, life insurance or other
23 benefits to active and disabled thoroughbred jockeys or
24 standardbred drivers in accordance with the rules of that
25 organization for eligibility for such benefits.

26 (ii) The balance of the 0.5% after the annual
27 payment under subparagraph (i) is to be paid to the
28 horsemen's organization at the racetrack of that licensed
29 corporation for health and pension benefits for its
30 members in accordance with the rules of that organization

1 for eligibility for such benefits.

2 Section 514. Declaration of exemption from Federal laws
3 prohibiting slot machines.

4 (a) Exemptions.--Pursuant to section 2 of the act of January
5 2, 1951 (64 Stat. 1134, 15 U.S.C. § 1172), the Commonwealth
6 declares that it is exempt from section 1134 of that act.

7 (b) Legal shipments.--All shipments of slot machines, into
8 this Commonwealth, the registering, recording and labeling of
9 which has been effected by the supplier of those devices, in
10 accordance with sections 5 and 7 of the act of January 2, 1951
11 (64 Stat. 1134, 15 U.S.C. §§ 1175 and 1177), shall be deemed
12 legal shipments of slot machines into this Commonwealth.

13 Section 515. Repeals.

14 (a) Absolute.--Section 4 of the act of June 7, 1993 (P.L.86,
15 No.18), entitled "An act amending the act of December 17, 1981
16 (P.L.435, No.135), entitled 'An act providing for the regulation
17 of pari-mutuel thoroughbred horse racing and harness horse
18 racing activities; imposing certain taxes and providing for the
19 disposition of funds from pari-mutuel tickets,' further
20 providing for general powers of the commission, for the
21 Pennsylvania Sire Stakes Fund and for simulcasting of horse
22 races," is repealed.

23 (b) Specific.--Section 202(b)(3) of the Race Horse Industry
24 Reform Act is repealed insofar as it is inconsistent with this
25 chapter.

26 Section 516. Construction of chapter.

27 If a majority of the electors voting on the question
28 disapprove the Statewide referendum under section 7195, then the
29 remaining provisions of the chapter are null and void.

30 CHAPTER 7

CONDUCT OF REFERENDA

Section 701. Referenda.

(a) Statewide referendum.--A Statewide referendum to determine whether slot machines at horse racetracks, as described in Chapter 5, and whether gaming on riverboats, as described in Chapter 3, shall be permitted in this Commonwealth shall be conducted in every county at the primary, municipal or general election occurring at least 60 days next following the effective date of this chapter. The General Assembly directs that the Secretary of the Commonwealth certify the form of the Statewide referendum question under subsection (d)(1) to the county boards of elections and the county boards of elections shall cause a question to be placed on the ballot.

(b) Municipal referendum.--A municipal referendum to determine whether slot machines at horse racetracks, as described in Chapter 5, shall be permitted in the municipalities of each of the Commonwealth's four racetracks shall be conducted at the primary, municipal or general election occurring at least 60 days next following the effective date of this chapter. The General Assembly directs that the secretary certify the form of the municipal referendum question under subsection (d)(2) to the appropriate county boards of elections and the county boards of elections shall cause a question to be placed on the ballot.

(c) County referendum.--A county referendum to determine whether the conduct of gaming on riverboats, as described in Chapter 3, shall be permitted in eligible counties shall be conducted at the primary, municipal or general election occurring at least 60 days next following the effective date of this chapter. The General Assembly directs that the secretary certify the form of the county referendum question under

1 subsection (d)(2) to the appropriate county boards of elections
2 and the county boards of elections shall cause a question to be
3 placed on the ballot.

4 (d) Form of the questions.--

5 (1) The Statewide referendum shall include two questions
6 in substantially the following form:

7 Do you favor authorizing strictly regulated slot
8 machines only at the four existing racetracks in
9 Pennsylvania with tax revenues from the slot machines
10 applied to the following public purposes: Statewide
11 public education, Statewide and regional economic
12 development, volunteer fire companies, open space
13 preservation and the PACE program for senior
14 citizens?

15 Do you favor strictly regulated gaming on riverboats
16 within limited counties with tax revenues from
17 riverboat gaming applied to Statewide public
18 education programs?

19 (2) Within municipalities that host the racetracks, an
20 additional referendum question shall be in substantially the
21 following form:

22 Do you favor authorizing strictly regulated slot
23 machines at (name of racetrack) in order to preserve
24 and increase the jobs currently at the racetrack and
25 to generate revenues for (municipality), (school
26 district), (county) and for Statewide public
27 education and economic development?

28 (3) Within counties that have a host municipality for
29 riverboat gaming operations, an additional referendum
30 question shall be in substantially the following form:

1 Do you favor strictly regulated gaming on riverboats
2 within (county) with tax revenues from riverboat
3 gaming applied to Statewide public education
4 programs?

5 (e) Advertising referendum.--The referenda shall be
6 advertised and conducted in accordance with the provisions of
7 the act of June 3, 1937 (P.L.1333, No.320), known as the
8 Pennsylvania Election Code.

9 Section 702. County referendum.

10 (a) Approval.--If a majority of the eligible county voters
11 voting on the referendum in section 701 favors the conduct of
12 gaming on riverboats, gaming as authorized under this act is
13 permitted within the county holding the election.

14 (b) Disapproval.--If less than a majority of the eligible
15 county voters voting on the referendum in section 701 favor the
16 conduct of gaming on riverboats, gaming shall not be permitted
17 in the county.

18 (c) Municipal legalization.--Except in the case of first
19 class counties, no countywide referendum election shall permit
20 riverboat gaming in any municipality within the county unless
21 and until gaming on riverboats is separately legalized within
22 the municipality. The failure of any countywide referendum
23 election shall have no effect on subsequent legalization by
24 municipalities located within the county and the failure of any
25 municipal legalization shall have no effect on countywide
26 referendum elections.

27 CHAPTER 11

28 MISCELLANEOUS PROVISIONS

29 Section 1101. Administrative procedures.

30 Except with respect to the award of operator licenses under

Chapter 3, a person may appeal from any final order, decree, decision, determination or ruling of the commission as provided in 2 Pa.C.S. (relating to administrative law and procedure).

Section 1102. Conditions.

The State Horse Racing commission shall insure that:

(1) Each licensed thoroughbred corporation's racing secretary or designated official for developing the condition book for that corporation shall provide at least once a month conditions of restricted entry to registered Pennsylvania breds. The three bottom level claiming and nonclaiming conditions at said corporation's facility shall be written into the condition book or as an overnight extra condition so as to effectuate the intent of this paragraph.

(2) Any Pennsylvania bred which advances through any restricted registered Pennsylvania bred condition, as set forth in paragraph (1) shall, notwithstanding restricted entry victory, be eligible for nonmaiden conditions in similar open claiming and nonclaiming allowance events of Pennsylvania-licensed corporations and said corporations shall write their condition books and overnight extra conditions to reflect the same.

(3) Notwithstanding any statute, regulation or agreement to the contrary, paragraphs (1) and (2) shall not be violated or waived by any licensed corporation or other statutorily authorized agency or body.

Section 1103. Local waterfront commissions.

(a) Local waterfront development commission established.-- Within 30 days of the approval of a riverboat gaming in a host municipality pursuant to section 702, the mayor of such municipality shall establish and appoint members to a local

1 waterfront development commission.

2 (b) Commission purpose.--For purposes of this act, the local
3 waterfront development commission shall have the following
4 duties and powers:

5 (1) Review and approve the proposed site development
6 plan prepared by an applicant for an operator license who
7 proposes to dock a riverboat in the host municipality.

8 (2) Ensure that construction and development of an
9 operator licensee's location in the host municipality is in
10 accordance with the approved site development plan.

11 (3) Notify the commission of an operator licensee's
12 failure to comply with provisions of the approved site
13 development plan.

14 Nothing in this section shall preclude the mayor of a host
15 municipality from delegating to a local waterfront development
16 commission any other local duties and powers.

17 Section 1104. Appropriations.

18 (a) Riverboat Gaming Commission.--The sum of \$1,000,000, or
19 as much thereof as may be necessary, is hereby appropriated to
20 the Riverboat Gaming Commission for the fiscal year July 1,
21 1999, to June 30, 2000, to implement and administer the
22 provisions of Chapter 3.

23 (b) Racetrack Gaming Control Board.--The sum of \$2,000,000
24 is hereby appropriated to the Racetrack Gaming Control Board for
25 the fiscal year July 1, 1999, to June 30, 2000, to implement and
26 administer the provisions of Chapter 7.

27 Section 1105. Severability.

28 The provisions of this act are severable. If any provision of
29 this act or its application to any person or circumstance is
30 held invalid, the invalidity shall not affect other provisions

1 or applications of this act which can be given effect without
2 the invalid provision or application.

3 Section 1106. Repeals.

4 (a) Inconsistent.--The following acts and parts of acts are
5 repealed insofar as they are inconsistent with this act:

6 Act of April 22, 1794 (Sm.L. 177, § 8), entitled "An act for
7 the prevention of vice and immorality, and of unlawful
8 gaming, and to restrain disorderly sports and dissipation."
9 18 Pa.C.S. §§ 5512, 5513 and 5514.

10 (b) General.--All other acts or parts of acts are repealed
11 insofar as they are inconsistent with this act.

12 Section 1107. Declaration of exemption from Federal laws
13 prohibiting gaming devices.

14 (a) Declaration.--Pursuant to section 2 of the act of
15 January 2, 1951 (64 Stat. 1134, 15 U.S.C. § 1172), the
16 Commonwealth declares that it is exempt from section 1134.

17 (b) Shipments.--All shipments of gaming devices, including
18 slot machines, into this Commonwealth, the registering,
19 recording and labeling of which has been effected by the
20 supplier thereof, in accordance with sections 5 and 7 of the act
21 of January 2, 1951 (64 Stat. 1134, 15 U.S.C. §§ 1175 and 1177),
22 shall be deemed legal shipments thereof into this Commonwealth.

23 Section 1108. Effective date.

24 This act shall take effect immediately.