
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1423 Session of
2015

INTRODUCED BY HELM, PAYNE, DIAMOND AND KORTZ, JUNE 28, 2015

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, JUNE 28, 2015

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, in general provisions, further providing for
3 legislative intent and definitions; in Pennsylvania Gaming
4 Control Board, further providing for general and specific
5 powers and regulatory authority of board; and, in revenues,
6 providing for games of skill tax.

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

9 Section 1. Section 1102 of Title 4 of the Pennsylvania
10 Consolidated Statutes is amended by adding a paragraph to read:
11 § 1102. Legislative intent.

12 The General Assembly recognizes the following public policy
13 purposes and declares that the following objectives of the
14 Commonwealth are to be served by this part:

15 * * *

16 (15) The continued growth and success of the gaming
17 industry in this Commonwealth depends on the fostering of a
18 business and regulatory environment that promotes continued
19 advances in the use of technology in gaming, which improves
20 the entertainment experience, encourages innovation and

1 supports expansion of the domestic technology sector of the
2 economy of this Commonwealth.

3 Section 2. The definitions of "player" and "slot machine" in
4 section 1103 of Title 4 are amended and the section is amended
5 by adding definitions to read:

6 § 1103. Definitions.

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

10 * * *

11 "Game of skill." Any game, other than a slot machine, table
12 game, electronic gaming table or fully automated electronic
13 gaming table, in which the skill of the player, rather than
14 chance, is the dominant factor in affecting the outcome of the
15 game as determined over a period of continuous play.

16 * * *

17 "Hybrid slot machine." A slot machine in which a combination
18 of the skill of the player and chance affects the outcome of the
19 game as determined over a period of continuous play.

20 "Identifier." A specific and verifiable fact concerning a
21 player or group of players which is based upon objective
22 criteria relating to the player or group of players, including,
23 but not limited to, any of the following:

24 (1) The frequency, value or extent of predefined
25 commercial activity.

26 (2) The subscription to or enrollment in particular
27 services.

28 (3) The use of a particular technology concurrent with
29 the play of a gaming device.

30 (4) The skill of the player.

1 (5) The skill of the player relative to the skill of any
2 other player participating in the same game.

3 (6) The degree of skill required by the game.

4 (7) Any combination of paragraphs (1), (2), (3), (4),
5 (5) and (6).

6 * * *

7 "Player." An individual wagering cash, a cash equivalent or
8 other thing of value in the play or operation of a slot machine
9 [or], table game or game of skill, including during a contest or
10 tournament, the play or operation of which may deliver or
11 entitle the individual playing or operating the slot machine
12 [or], table game or game of skill to receive cash, a cash
13 equivalent or other thing of value from another player or a slot
14 machine licensee.

15 * * *

16 "Skill." The knowledge, dexterity or other ability or
17 expertise of a natural person.

18 "Skill slot machine." A slot machine in which the skill of
19 the player, rather than chance, is the dominant factor in
20 affecting the outcome of the game as determined over a period of
21 continuous play.

22 "Slot machine." As follows:

23 (1) Any mechanical, electrical or computerized
24 contrivance, terminal, machine or other device approved by
25 the Pennsylvania Gaming Control Board which, upon insertion
26 of a coin, bill, ticket, token or similar object therein or
27 upon payment of any consideration whatsoever, including the
28 use of any electronic payment system except a credit card or
29 debit card, is available to play or operate, the play or
30 operation of which, whether by reason of skill or application

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

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

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

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

14 (2) The term shall include [associated] all of the
15 following:

16 (i) Associated equipment necessary to conduct the
17 operation of the contrivance, terminal, machine or other
18 device.

19 (ii) A skill slot machine, hybrid slot machine or
20 associated equipment necessary to conduct the operation
21 of a skill slot machine or hybrid slot machine.

22 * * *

23 Section 3. Section 1202(b) of Title 4 is amended by adding
24 paragraphs to read:

25 § 1202. General and specific powers.

26 * * *

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

29 * * *

30 (35) The following shall apply:

1 (i) To adopt regulations that encourage
2 manufacturers to develop skill slot machines, hybrid slot
3 machines and associated equipment and various gaming
4 support systems that incorporate innovative, alternative
5 and advanced technology, which may include, without
6 limitation, technical standards for the manufacture of
7 skill slot machines, hybrid slot machines and associated
8 equipment and various gaming support systems that:

9 (A) define and differentiate between the
10 requirements and outcomes of a skill slot machine,
11 hybrid slot machine and a slot machine;

12 (B) allow flexibility in payout percentages and
13 outcomes of a skill slot machine or hybrid slot
14 machine as determined on the basis of
15 nondiscriminatory identifiers;

16 (C) facilitate among enrolled players the
17 interactive and concurrent play of skill slot
18 machines and hybrid slot machines through a
19 progressive system; and

20 (D) require, when applicable, disclosure of
21 appropriate information to a player explaining that
22 the outcome of a skill slot machine or hybrid slot
23 machine will be affected by skill or identifiers.

24 (ii) In order to facilitate the prompt
25 implementation of this paragraph, regulations promulgated
26 by the board shall be deemed temporary regulations which
27 shall expire no later than two years following the
28 publication of the temporary regulation. The board may
29 promulgate temporary regulations not subject to:

30 (A) Sections 201, 202, 203, 204 and 205 of the

1 act of July 31, 1968 (P.L.769, No.240), referred to
2 as the Commonwealth Documents Law.

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

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

8 (iii) Except for temporary regulations governing the
9 rules of new skill slot machines and hybrid slot machines
10 approved by the board, the board's authority to adopt
11 temporary regulations under this paragraph shall expire
12 two years after the effective date of this paragraph.
13 Regulations adopted after this period shall be
14 promulgated as provided by law.

15 (36) The following shall apply:

16 (i) The board shall have regulatory authority over
17 the conduct of games of skill operated by a licensed
18 gaming entity within a licensed facility. Regulations
19 shall include, but not be limited to:

20 (A) Application requirements for a licensed
21 gaming entity to operate a game of skill.

22 (B) Location of the games of skill within the
23 licensed facility.

24 (C) Rules regarding the play of games of skill.

25 (D) Prohibiting persons under 21 years of age
26 from playing a game of skill.

27 (E) Authorizing, in the board's discretion, the
28 conduct of games of skill tournaments and provisions
29 governing the conduct of the tournaments.

30 (F) Require, when applicable, disclosure of

1 appropriate information to players.

2 (ii) In order to facilitate the prompt
3 implementation of this paragraph, regulations promulgated
4 by the board shall be deemed temporary regulations which
5 shall expire no later than two years following the
6 publication of the temporary regulation. The board may
7 promulgate temporary regulations not subject to:

8 (A) Sections 201, 202, 203, 204 and 205 of the
9 act of July 31, 1968 (P.L.769, No.240), referred to
10 as the Commonwealth Documents Law.

11 (B) Sections 204(b) and 301(10) of the act of
12 October 15, 1980 (P.L.950, No.164), known as the
13 Commonwealth Attorneys Act.

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

16 (iii) Except for temporary regulations governing the
17 rules of new games of skill or games of skill tournaments
18 approved by the board, the board's authority to adopt
19 temporary regulations under this paragraph shall expire
20 two years after the effective date of this paragraph.
21 Regulations adopted after this period shall be
22 promulgated as provided by law.

23 Section 4. Section 1207(10) of Title 4 is amended to read:

24 § 1207. Regulatory authority of board.

25 The board shall have the power and its duties shall be to:

26 * * *

27 (10) Require that no slot machine, other than a skill
28 slot machine or hybrid slot machine, may be set to pay out
29 less than the theoretical payout percentage, which shall be
30 no less than 85%, as specifically approved by the board. The

1 board shall adopt regulations that define the theoretical
2 payout percentage of a slot machine game, other than a skill
3 slot machine or hybrid slot machine game, based on the total
4 value of the jackpots expected to be paid by a play or a slot
5 machine game divided by the total value of slot machine
6 wagers expected to be made on that play or slot machine game
7 during the same portion of the game cycle. In so doing, the
8 board shall decide whether the calculation shall include the
9 entire cycle of a slot machine game or any portion thereof.

10 * * *

11 Section 5. Title 4 is amended by adding a section to read:

12 § 1410. Games of skill tax.

13 (a) Imposition.--Each licensed gaming entity shall report to
14 the department and pay from its monthly gross games of skill
15 revenue, on a form and in the manner prescribed by the
16 department, a tax of 14% of its monthly gross games of skill
17 revenue.

18 (b) Deposits and distributions.--

19 (1) The tax imposed under subsection (a) shall be
20 payable to the department on a monthly basis and shall be
21 based upon gross games of skill revenue derived during the
22 previous month.

23 (2) All funds owed to the Commonwealth under this
24 section shall be held in trust for the Commonwealth by the
25 licensed gaming entity until the funds are paid to the
26 department. Unless otherwise agreed to by the board, a
27 licensed gaming entity shall establish a separate bank
28 account into which gross games of skill revenue shall be
29 deposited and maintained until such time as the funds are
30 paid to the department under this section.

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

3 (c) Definition.--For the purposes of this section, "gross
4 games of skill revenue" means the total of all fees, cash or
5 cash equivalents paid by players to a licensed gaming entity in
6 order to play a game of skill minus:

7 (1) The total of cash or cash equivalents paid out to
8 players as prizes.

9 (2) The cash equivalent value of any merchandise given
10 to players as a result of playing a game of skill.

11 (3) Cash or cash equivalents paid to purchase annuities
12 to fund prizes payable to players over a period of time as a
13 result of playing a game of skill.

14 Section 6. This act shall take effect in 60 days.