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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**  
**No. 2452** Session of  
1978

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INTRODUCED BY BRUNNER, ZEARFOSS, CIANCIULLI, RIEGER, SCANLON,  
GIAMMARCO, OLIVER, JONES AND BORSKI, APRIL 19, 1978

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REFERRED TO COMMITTEE ON FINANCE, APRIL 19, 1978

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AN ACT

1 Providing for the operation and licensing of slot machines,  
2 imposing powers and duties on the Department of Revenue,  
3 imposing fees and a tax, providing for the disposition of the  
4 proceeds, and providing penalties.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the "Slot Machine  
9 Licensing Act."

10 Section 2. Definitions.

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

14 "Department." The Department of Revenue.

15 "Distributor." Any individual, partnership, association or  
16 corporation licensed pursuant to this act to sell or lease slot  
17 machines to licensed slot machine operators. In no event shall a  
18 distributor be construed to be authorized to act as an operator.

19 "Licensed liquor establishment." Any holder of a retail

1 hotel, restaurant or club liquor license issued by the  
2 Pennsylvania Liquor Control Board pursuant to the act of April  
3 12, 1951 (P.L.90, No.21), known as the "Liquor Code."

4 "Qualified nonprofit organization." Any nonprofit service or  
5 fraternal organization entitled to exemption from Federal income  
6 tax under section 501(c)(4), (5), (7), (8), (10) or (19) of the  
7 Internal Revenue Code of 1954, as amended and which regularly  
8 occupies, as owner or lessee, quarters for the use of its  
9 members.

10 "Slot machine." Any electronically or mechanically coin-  
11 operated machine or device manufactured after 1965, which is  
12 encased in an upright cabinet and is operated by the insertion  
13 of a coin or token into the slot and is activated by a handle,  
14 lever or button. The machine generally has three or more reels  
15 which contain numerous symbols and each symbol must have a stop  
16 mechanism to position the symbols to appear on the win line. The  
17 various combinations of these symbols determine the payout. Each  
18 reel is visible to the player. The machine can be a multiple  
19 coin or token machine and each payout is increased equally by  
20 the number of coins or tokens inserted. The machine shall have a  
21 computer attachment recording the number of coins received and  
22 the number of coins returned to the player.

### 23 Section 3. Licensing qualifications.

24 (a) Every qualified nonprofit organization and every  
25 licensed liquor establishment as defined in section 2 shall be  
26 entitled to be licensed to operate not more than 20 slot  
27 machines within the confines of their principal place of  
28 operation in the case of qualified nonprofit organizations and  
29 within the confines of their liquor licensed premises in the  
30 case of licensed liquor establishments. However, no such

1 organization or establishment shall be entitled to be licensed  
2 to operate slot machines until such organization or  
3 establishment has operated as a qualified nonprofit organization  
4 or licensed liquor establishment for a period of at least three  
5 years prior to the date of application for slot machine  
6 licensing.

7 (b) Every person and every officer of every organization  
8 licensed under this act shall swear or affirm that they are in  
9 no way affiliated with organized crime.

#### 10 Section 4. Licensing fees.

11 (a) The annual fee for licensing as a slot machine operator  
12 shall be \$250 for each calendar year. In addition, each licensed  
13 slot machine operator shall pay a fee of \$250 per slot machine  
14 for each license year.

15 (b) The annual fee for licensing as a slot machine  
16 distributor shall be \$10,000 for each license year.

17 (c) The annual fee for licensing as a slot machine repair  
18 person shall be \$250.

19 (d) In any case where application is made for licensing  
20 during the course of any license year, the department shall  
21 prorate the annual fee over the months remaining in the license  
22 year.

23 (e) The department shall develop and implement a system of  
24 staggered renewal dates for licensees.

#### 25 Section 5. Administration.

26 (a) The provisions of this act shall be administered by the  
27 Department of Revenue. The department shall provide for the  
28 licensing of operators, distributors and repair persons in  
29 accordance with the provisions of this act.

30 (b) Each slot machine operated by a licensee shall have a

1 registration stamp affixed to it to evidence payment of the  
2 annual fee prescribed in section 4. At the time annual  
3 application is made for the registration stamp, the licensee  
4 shall provide the following information relative to each slot  
5 machine:

- 6 (1) Name of the manufacturer.
- 7 (2) Name and address of the owner.
- 8 (3) Serial number.

9 Each machine shall be equipped with a counter to record the  
10 number of plays on each machine.

11 (c) Slot machine licensees shall make monthly reports to the  
12 department. Such reports shall include whatever information the  
13 department shall prescribe, including but not limited to, the  
14 number of plays per month, total amount of money taken in by  
15 each machine and the amount of money paid out by each machine.  
16 The Commonwealth's share of the slot machine proceeds pursuant  
17 to the tax imposed by section 6 shall be forwarded monthly with  
18 the report. Any portion of the Commonwealth's share that remains  
19 unpaid as of the date the report is due shall bear interest at  
20 the rate of 1/2% per month.

21 (d) Each licensed slot machine operator shall keep books and  
22 records so as to clearly show the total amount of money  
23 collected by the slot machines. The department or its duly  
24 authorized representative shall, at all reasonable times, have  
25 access to all such books and records for the purpose of  
26 examining and checking the same and ascertaining whether or not  
27 the proper amount or amounts due to the Commonwealth are being  
28 paid by such owners of the slot machines.

29 (e) The department is authorized to issue whatever rules and  
30 regulations as are necessary to implement and administer this

1 act.

2 Section 6. Disposition of slot machine proceeds.

3 (a) Seventy percent of all moneys wagered by slot machine  
4 players shall be returned to them in the form of winnings.

5 (b) Ten percent of the total moneys wagered shall be payable  
6 to the Commonwealth as a slot machine tax. Such moneys shall be  
7 paid into the General Fund.

8 (c) The remaining 20% of the total moneys wagered shall be  
9 allocated to the licensed machine operator.

10 Section 7. Prohibition on inducements.

11 No slot machine operator or distributor licensed pursuant to  
12 this act shall offer, give, solicit or receive anything of  
13 value, except the return on wagering authorized herein, as a  
14 premium or present to induce an individual to wager on a slot  
15 machine.

16 Section 8. Minors.

17 (a) Any licensee who permits any person under the age of 18  
18 to play a slot machine shall be guilty of a summary offense and  
19 shall be sentenced to pay a fine of not less than \$100 nor more  
20 than \$500.

21 (b) Any person who being under the age of 18 knowingly and  
22 falsely represents himself to be 18 years of age for the purpose  
23 of playing a slot machine is guilty of a summary offense and  
24 shall be sentenced to pay a fine of not less than \$50 nor more  
25 than \$300.

26 Section 9. Additional penalties.

27 Any licensee violating any of the other provisions of this  
28 act shall be guilty of a summary offense and shall be sentenced  
29 to pay a fine of not more than \$1,000. In addition, a licensee  
30 violating the provisions of this act:

1           (1) For the first time, shall have their license  
2       suspended for 60 days.  
3           (2) For the second time, shall have their license  
4       revoked permanently.  
5 Section 10. Effective date.  
6       This act shall take effect in 90 days.