

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 542

Session of  
1981

INTRODUCED BY RICHARDSON, OLIVER, BARBER, RAPPAPORT, COHEN,  
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PIEVSKY AND GREENFIELD, FEBRUARY 10, 1981

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 10, 1981

### AN ACT

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

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

13      Section 1.   Short title.

14          This act shall be known and may be cited as the "Philadelphia  
15 Lottery Law."

16      Section 2.   Statement of purpose.

17          This act is enacted to establish a lottery to be operated by  
18 the City of Philadelphia, the net proceeds of which are to be  
19 used exclusively for the purpose of providing revenue for the  
20 Philadelphia school district, 70% and for the city  
21 administration, 30%. It is further intended to provide a means  
22 through which to curb illegal gambling operations in the City of  
23 Philadelphia.

24      Section 3.   Definitions.

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

28          "Commission."   The Philadelphia Lottery Commission  
29 established by this act.

30          "Director."   The Director of the Division of the Philadelphia

1 Lottery.

2 "Division." The Division of the Philadelphia Lottery created  
3 by this act.

4 "Lottery" or "Philadelphia Lottery." The lottery established  
5 and operated pursuant to this act.

6 "Treasurer." The city treasurer.

7 Section 4. Philadelphia Lottery Commission; chairman.

8 There is hereby created within the office of the city  
9 treasurer a Division of the Philadelphia Lottery which shall  
10 include a Philadelphia Lottery Commission.

11 The commission shall consist of a chairman and four members,  
12 all of whom shall be citizens and residents of Philadelphia. No  
13 more than three of the five members shall belong to the same  
14 political party. The chairman shall be appointed by the mayor,  
15 by and with the advice and consent of two-thirds of all the  
16 members of the city council, and shall hold office at the  
17 pleasure of the mayor. The members of the commission shall be  
18 appointed by the mayor, by and with the advice and consent of  
19 two-thirds of all the members of the city council. The members  
20 of the commission shall hold office for four years. No member,  
21 upon the expiration of his term, shall continue to hold office  
22 until his successor is appointed and qualified. Of the members  
23 first taking office, two shall be appointed for a term of one  
24 year and two for a term of two years. The members of the  
25 commission shall receive actual and necessary expenses incurred  
26 by them in the performance of their duties, together with a per  
27 diem allowance to be paid by the mayor's office for each day  
28 spent in the performance of their duties. Vacancies in the  
29 commission occurring otherwise than by expiration of term shall  
30 be filled for the unexpired term in the same manner as original

1 appointments. Any member of the commission, other than the  
2 chairman, may, after notice and opportunity to be heard, be  
3 removed by the mayor for neglect of duty, misfeasance,  
4 malfeasance or nonfeasance in office. Three of the members of  
5 the commission shall constitute a quorum to do business. The  
6 director shall act as secretary and executive officer of the  
7 commission.

8 Section 5. Powers and duties of commission.

9 The commission shall advise and make recommendations to the  
10 city treasurer regarding the functions and operations of the  
11 Philadelphia Lottery.

12 Section 6. Powers and duties of the city treasurer.

13 (a) In addition to the powers and duties provided by law and  
14 the city charter, the city treasurer shall have the power and it  
15 shall be his duty to operate and administer the lottery, and to  
16 promulgate rules and regulations governing the establishment and  
17 operation thereof, including but not limited to:

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

19 (2) The price, or prices, of tickets or shares in the  
20 lottery.

21 (3) The numbers and sizes of the prizes on the winning  
22 tickets or shares.

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

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

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

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

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

2           (9) The licensing of agents to sell tickets or shares  
3 provided that no person under the age of 21 shall be licensed  
4 as an agent.

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

9           (11) The apportionment of the total revenues accruing  
10 from the sale of lottery tickets or shares and from all other  
11 sources among:

12               (i) the payment of prizes to the holders of winning  
13 tickets or shares;

14               (ii) the payment of costs incurred in the operation  
15 and administration of the lottery, including the expenses  
16 of the division and the costs resulting from any contract  
17 or contracts entered into for promotional, advertising or  
18 operational services or for the purchase or lease of  
19 lottery equipment and materials;

20               (iii) for the repayment of the moneys appropriated  
21 to the Philadelphia Lottery Fund pursuant to section 16;  
22 and

23               (iv) for revenue for the Philadelphia school  
24 district and for the city administration to be divided  
25 70% - 30%, respectively, as provided in section 12:  
26 Provided, however, That no less than 30% of the total  
27 revenues accruing from the sale of lottery tickets or  
28 shares shall be dedicated to this subparagraph.

29           (12) Such other matters necessary or desirable for the  
30 efficient and economical operation and administration of the

lottery and for the convenience of the purchasers of tickets or shares and the holders of winning tickets or shares.

(b) To report monthly to the mayor and the city council the total lottery revenues, prize disbursements and other expenses for the preceding month, and to make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses, to the mayor and the city council, and including such recommendations for changes in this act as the treasurer deems necessary or desirable.

Section 7. Lottery sales agents; qualifications; prohibitions.

(a) No license as an agent to sell lottery tickets or shares shall be issued to any person to engage in business exclusively as a lottery sales agent. Before issuing such license the treasurer shall consider such factors as:

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

(2) the accessibility of his place of business or activity to the public;

(3) the sufficiency of existing licenses to serve the public convenience; and

(4) the volume of expected sales.

For the purposes of this section, the term "person" shall be construed to mean and include an individual, association, corporation, club, trust, estate, society, company, joint-stock company, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. "Person" shall also be construed to mean and include all departments, commissions, agencies and instrumentalities of the city.

1 (b) If the treasurer shall find that the experience,  
2 character and general fitness of the applicant are such that the  
3 participation of such person as a lottery sales agent will be  
4 consistent with the public interest, convenience and necessity,  
5 it may thereupon grant a license. Without limiting the  
6 generality of the foregoing, the treasurer may refuse to issue a  
7 license pursuant to this section, or may suspend or revoke a  
8 license so issued if it shall find that the applicant or  
9 licensee:

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

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

14 (3) Has been found guilty of any fraud or  
15 misrepresentation in any connection.

16 (4) Has violated any rule, regulation or order of the  
17 treasurer.

18 (c) The treasurer may refuse to grant a license or may  
19 suspend or revoke a license issued pursuant to this section to a  
20 corporation, if it shall determine that:

21 (1) Any officer, director, member or stockholder of such  
22 corporation applying for a license or of any corporation  
23 which owns stock in or shares in the profits, or participates  
24 in the management of the affairs of such applicant:

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

27 (ii) has engaged in bookmaking or other forms of  
28 illegal gambling;

29 (iii) has been found guilty of any fraud or  
30 misrepresentation in any connection; or

(iv) has violated any rule, regulation or order of the treasurer.

(2) The experience, character, or general fitness of any officer, director, or stockholder of any of the aforesaid corporations is such that the participation of such person as a lottery sales agent would be inconsistent with the public interest, convenience or necessity, but if the treasurer determines that the interest of any stockholder referred to in this paragraph or in paragraph (1) is sufficient, in the opinion of the treasurer, to affect adversely the conduct of a lottery sales agency by such corporation in accordance with the provisions of this act, the treasurer may disregard such interest in determining whether or not to grant a license to such corporation.

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

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

#### Section 8. Assignability of prizes drawn.

No right of any person to a prize drawn shall be assignable, except that payment of any prize drawn may be paid to the estate of a deceased prize winner, and, except that any person pursuant



1 to an appropriate judicial order may be paid the prize to which  
2 the winner is entitled. The treasurer shall be discharged of all  
3 further liability upon payment of a prize pursuant to this  
4 section.

5 Section 9. Sales of tickets in excess of regulated price; sales  
6 by nonlicensed persons; penalty.

7 (a) No person shall sell a ticket or share at a price  
8 greater than that fixed by rule or regulation of the commission.

9 (b) No person other than a licensed lottery sales agent  
10 shall sell lottery tickets or shares, except that nothing in  
11 this section shall be construed to prevent any person from  
12 giving lottery tickets or shares to another as a gift. Any  
13 person convicted of violating this section shall be guilty of a  
14 misdemeanor of the third degree and upon conviction thereof,  
15 shall be sentenced to pay a fine not exceeding \$500.

16 Section 10. Sales to certain persons prohibited; penalty.

17 No ticket or share shall be sold to any person under the age  
18 of 18 years. For the purpose of making a gift, a person 18 years  
19 of age or older may purchase a ticket or share for the benefit  
20 of a person less than that age. Any agent or employee of any  
21 agent who knowingly sells a lottery ticket or share to any  
22 person under the age of 18 years shall be guilty of a  
23 misdemeanor of the third degree, and upon conviction thereof,  
24 shall be sentenced to pay a fine not exceeding \$500.

25 No ticket or share shall be sold to and no prize shall be  
26 awarded to any officer or employee of the Philadelphia Lottery  
27 Commission or the Division of the Philadelphia Lottery in the  
28 office of the city treasurer or any spouse, child, brother,  
29 sister or parent residing as a member of the same household in  
30 the principal place of abode of any of the foregoing persons.

1 Section 11. Other laws inapplicable.

2 No other law providing any penalty or disability for the sale  
3 of lottery tickets or shares or any acts done in connection with  
4 a lottery shall apply to the sale of tickets or shares or acts  
5 performed pursuant to this act.

6 Section 12. Disposition of funds from sale of tickets or  
7 shares.

8 (a) All moneys received from the operation of the  
9 Philadelphia Lottery shall be deposited in a Philadelphia  
10 Lottery Fund which is hereby created. Such moneys shall be used  
11 to the extent necessary for the payment of lottery prizes but  
12 the amount so used shall not be less than 40% of the amount of  
13 which tickets or shares have been sold. All payments of lottery  
14 prizes and for expenses of operation of the lottery shall be  
15 made as provided by law. All moneys remaining after payment of  
16 prizes and operating expenses shall remain in the Philadelphia  
17 Lottery Fund and shall be allocated for the exclusive purpose of  
18 providing revenue for the operation of the Philadelphia school  
19 district, 70% and the city administration, 30%.

20 (b) The moneys in said Philadelphia Lottery Fund shall be  
21 appropriated only:

22 (1) for the payment of prizes to the holders of winning  
23 lottery tickets or shares;

24 (2) for the expenses of the division in its operation of  
25 the lottery;

26 (3) for revenue for the Philadelphia school district and  
27 the city administration to be divided 70% - 30%, respectively  
28 as provided in this section; and

29 (4) for transfer to the General Fund for the repayment  
30 to the General Fund of the amount appropriated to the fund

1       pursuant to section 16.

2       Section 13.   Exemption of lottery prizes from State and local  
3                    taxation.

4       No State or local taxes of any kind whatsoever shall be  
5       imposed upon the proceeds from a prize awarded by the  
6       Philadelphia Lottery.

7       Section 14.   Unclaimed prize money.

8       Unclaimed prize money on a winning lottery ticket or share  
9       shall be retained by the treasurer for payment to the person  
10      entitled thereto for one year after the drawing in which the  
11      prize was won. If no claim is made within such period, the prize  
12      money shall be paid into the Philadelphia Lottery Fund and used  
13      for purposes as otherwise herein provided.

14      Section 15.   Bank deposits and control of lottery transactions.

15      The treasurer may, in his discretion, require any or all  
16      lottery sales agents to deposit to the credit of the  
17      Philadelphia Lottery Fund in banks, designated by the city  
18      treasurer, all moneys received by such agents from the sale of  
19      lottery tickets or shares, less the amount, if any, retained as  
20      compensation for the sale of the tickets or shares, and to file  
21      with the treasurer or his designated agents reports of their  
22      receipts and transactions in the sale of lottery tickets in such  
23      form and containing such information as he may require. The  
24      treasurer may make such arrangements for any person, including a  
25      bank, to perform such functions, activities or services in  
26      connection with the operation of the lottery as he may deem  
27      advisable pursuant to this act and the rules and regulations of  
28      the city treasurer, and such functions, activities or services  
29      shall constitute lawful functions, activities and services of  
30      such person.

1 Section 16. Appropriation.

2 There is hereby appropriated to cities of the first class the  
3 sum of \$1,000,000, or so much thereof as is necessary, for the  
4 establishment of the Philadelphia Lottery and the Division of  
5 the Philadelphia Lottery in the office of the city treasurer.  
6 The office of the city treasurer shall reimburse the General  
7 Fund from receipts from sale of lottery tickets or shares the  
8 actual amount of money expended from said appropriation within  
9 one year of the date of the first lottery drawing.

10 Section 17. Effective date.

11 This act shall take effect in 60 days.