

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1259 Session of
1985

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

REFERRED TO STATE GOVERNMENT, DECEMBER 4, 1985

AN ACT

1 Amending the act of December 17, 1981 (P.L.435, No.135),
2 entitled "An act providing for the regulation of pari-mutuel
3 thoroughbred horse racing and harness horse racing
4 activities; imposing certain taxes and providing for the
5 disposition of funds from pari-mutuel tickets," further
6 providing for the powers and duties of the State Horse Racing
7 Commission and the State Harness Racing Commission; further
8 regulating licensing of racing corporations and individuals
9 involved in racing, handling of funds, and racing employees;
10 further providing for special funds; making editorial
11 changes; and reestablishing the State Horse Racing Commission
12 and the State Harness Racing Commission.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. Sections 201(e), 209 and 212 of the act of
16 December 17, 1981 (P.L.435, No.135), known as the Race Horse
17 Industry Reform Act, are amended to read:

18 Section 201. Establishment of the commissions.

19 * * *

20 (e) It shall be the duty of the executive secretary to keep
21 a full and faithful record of the proceedings of the
22 commissions, preserve at the general office of the commissions

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

14 * * *

15 Section 209. Licenses for horse race meetings.

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

1 conditions, rules, regulations and provisions of this act and
2 that it would be in the public interest, convenience or
3 necessity to revoke or suspend the license. A license is not
4 transferable.

5 (b) Every license shall be issued upon [condition] the
6 following conditions:

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

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

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

1 licensed corporation conducting horse race meetings has
2 directly or through a parent or subsidiary at least a 35%
3 equity interest in such facility, and if there is more than
4 one such tenant at any such facility during the year prior to
5 the year for which dates are requested, then among or between
6 such tenants the primary tenant, if any, shall be designated
7 by agreement among or between those licensed corporations
8 which propose to conduct horse race meetings at the said
9 track facility during the year for which dates are requested.

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

17 (5) The licensed corporation prints in its racing
18 programs the procedure for filing a complaint with the
19 appropriate commission.

20 (c) Applications for licenses shall be in the form
21 prescribed by the appropriate commission and shall contain
22 information, material or evidence as the appropriate commission
23 may require. The term "racing week" shall include Sunday at the
24 discretion of the licensed corporation.

25 (d) In considering an application for a license to a
26 corporation, the commissions may give consideration to the
27 number of licenses already granted. No license shall be granted
28 to any track located within ten miles of a State, county or
29 other political subdivision fair conducting horse racing unless
30 the association, corporation, society, political subdivision or

1 State agency conducting the fair shall affirmatively waive
2 objection to the issuance of the license for dates within the
3 period.

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

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

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

13 (ii) has engaged in bookmaking or other forms of
14 illegal gambling;

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

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

21 (v) has violated any rule, regulation or order of
22 the commissions.

23 (2) The experience, character or fitness of any officer,
24 director or stockholder of any of the corporations is such
25 that the participation of the person in horse racing or
26 related activities would be inconsistent with the public
27 interest, convenience or necessity or with the best interests
28 of racing. If the commission determines that the interest of
29 any stockholder referred to in this paragraph or in paragraph

30 (1) is insufficient to affect adversely the conduct of pari-

1 mutuel horse racing by the corporation in accordance with the
2 provisions of this act, the commissions may disregard the
3 interest in determining whether or not to grant a license to
4 the corporation.

5 (3) The applicant is not the owner or the lessee of the
6 track at which it will conduct pari-mutuel horse racing under
7 the license applied for, or that any person, firm,
8 association or corporation other than the applicant shares,
9 or will share, in the profits of the applicant, other than by
10 dividends as a stockholder, or participates, or will
11 participate in the management of the affairs of the
12 applicant.

13 (4) The corporation does not have the use of a facility
14 to conduct horse race meetings. Such use must be proved by a
15 preponderance of the evidence. The proof may be demonstrated
16 by documentation of an ownership interest in the facility or
17 by a written lease for use of the facility.

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

27 (6) A licensed corporation has commingled horsemen's
28 funds under section 235 or has refused to place on deposit a
29 letter of credit under section 236.

30 (f) The commissions shall also have power to refuse to

1 grant, revoke or suspend a license:

2 (1) To any corporation, the charter or certificate of
3 incorporation of which shall fail to contain a provision
4 requiring any stockholder, upon written demand of the
5 corporation, to sell his stock to the corporation at a price
6 to be fixed by the appropriate commission, provided the
7 demand be made pursuant to written direction of the
8 appropriate commission and from the date of the making of the
9 demand prohibiting the transfer of the certificate of stock
10 except to the corporation.

11 (2) To any corporation which, having been a licensee,
12 has failed, in the opinion of the appropriate commission, to
13 properly maintain its track and plant in good condition or
14 has failed to make adequate provision for rehabilitation and
15 capital improvements to its track and plant.

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

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

1 Racing Law.

2 Section 212. Officials at horse race meetings.

3 (a) At all thoroughbred horse race meetings licensed by the
4 State Horse Racing Commission, qualified [stewards,] judges and
5 starters shall be approved by the commission. These officials
6 shall enforce the rules and regulations of the State Horse
7 Racing Commission and shall render written reports of the
8 activities and conduct of such race meetings to the State Horse
9 Racing Commission. The compensation of these judges and starters
10 shall be paid by the corporation conducting the race meeting.

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

26 Section 2. Sections 213, 223 and 224 of the act, amended
27 December 30, 1983 (P.L.400, No.93), are amended to read:

28 Section 213. Licenses for commissioners, employees and
29 participants at horse race meetings.

30 (a) Each commission shall license trainers, jockeys,

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

23 (b) All commissioners and all employees, agents and
24 representatives of the commissions shall be licensed under this
25 act. There shall be no fee for this license. The commissions
26 shall fix by rule or regulation the manner in which these
27 licenses under this subsection shall be processed and issued.
28 The commissions shall not grant licenses to citizens of states
29 which do not grant licenses to citizens of this Commonwealth on
30 the basis of in-State preference.

1 (c) If the commissions find that the experience, character
2 and general fitness of the applicant are such that the
3 participation of the person in horse race meets is consistent
4 with the public interest, convenience and necessity, and with
5 the best interests of racing generally in conformity with the
6 purposes of this act, it may grant a license.

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

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

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

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

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

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

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

30 (f) The commissions may suspend, refuse to renew or revoke a

1 license issued under this section, if it shall determine that:

2 (1) The applicant or licensee:

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

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

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

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

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

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

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

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

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

29 Section 223. Pennsylvania Breeding Fund.

30 (a) There is hereby created a restricted account in the

1 State Racing Fund to be known as the Pennsylvania Breeding Fund
2 which shall consist of the money appropriated under the
3 provisions of section 222 and which shall be administered by the
4 State Horse Racing Commission.

5 (b) After the deduction of expenses related to the
6 administration and development of the Pennsylvania Breeding Fund
7 program incurred by the Pennsylvania Horse Breeders'
8 Association, the State Horse Racing Commission shall, by rule or
9 regulation, provide for awards as follows:

10 (1) An award of 30% of the purse earned by every
11 registered Pennsylvania-bred thoroughbred horse sired by a
12 registered Pennsylvania sire at the time of conception of the
13 registered Pennsylvania-bred thoroughbred horse, or an award
14 of 20% of the purse earned by every registered Pennsylvania-
15 bred thoroughbred horse sired by a nonregistered sire, which
16 finishes first, second or third in any race conducted by a
17 licensed corporation under this act shall be paid to the
18 breeder of said registered Pennsylvania-bred thoroughbred
19 horse. A single award under this paragraph may not exceed 1%
20 of the total annual Fund money.

21 (2) An award of 10% of the purse earned by any
22 Pennsylvania-bred thoroughbred horse which finishes first,
23 second or third in any race conducted by a licensed
24 corporation under this act shall be paid to the owner of the
25 registered Pennsylvania sire which regularly stood in
26 Pennsylvania at the time of conception of said Pennsylvania-
27 bred thoroughbred horse. A single award under this paragraph
28 may not exceed .5% of the total annual Fund money.

29 (3) An award of 10% of the purse earned by any
30 registered Pennsylvania-bred thoroughbred horse which

1 finishes first in any race conducted by a licensed
2 corporation under this act not restricting entry to
3 registered Pennsylvania-bred thoroughbred horses shall be
4 paid to the licensed owner of said registered Pennsylvania-
5 bred thoroughbred horse at the time of winning. A single
6 award under this paragraph may not exceed .5% of the total
7 annual Fund money.

8 (c) Up to one-fifth of the total of the estimated fund
9 moneys remaining each year after the deduction of expenses
10 related to the administration and development of the
11 Pennsylvania Breeding Fund program and the payment of breeder,
12 stallion and owner awards, shall be divided among the licensed
13 corporations that conduct thoroughbred horse race meetings in
14 direct proportion to the rate by which each licensed corporation
15 generated the fund moneys during the previous year to be used
16 solely for purses for Pennsylvania Breeding Fund stakes races
17 which restrict entry to registered Pennsylvania-bred
18 thoroughbred horses.

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

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

29 (2) Claiming and nonclaiming Pennsylvania Breeding Fund
30 races which prefer registered Pennsylvania-bred thoroughbred

1 horses as starters. In these races, should eight or more
2 registered Pennsylvania-bred horses pass the entry box, the
3 race shall be considered closed to horses other than
4 registered Pennsylvania-bred thoroughbred horses.

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

11 (f) The Pennsylvania Breeding Fund Advisory Committee, under
12 the jurisdiction of the State Horse Racing Commission, is hereby
13 established and shall be part of the Pennsylvania State Horse
14 Racing Commission. The commission shall consist of five members,
15 all of whom shall be residents of Pennsylvania, to be appointed
16 by the commission by June 1 of each year. The committee shall
17 consist of two members of the Pennsylvania Horse Breeders'
18 Association, one member from the licensed corporations, one
19 member from the association representing horsemen racing in
20 Pennsylvania and one member of the commission. If any member
21 other than the commission member has not been recommended by
22 June 1 of each year, the commission shall make an appointment
23 for the organization failing to so recommend a member of the
24 committee. The committee shall assist and advise the commission
25 under the provisions of this act but shall have no power in
26 administering the fund. The members of the committee shall
27 receive no compensation for their services as members.

28 (g) The State Horse Racing Commission may contract with the
29 Pennsylvania Horse Breeders' Association as the sole responsible
30 body for the registration and records of Pennsylvania-breds. The

1 Pennsylvania Horse Breeders' Association shall advise the
2 commission when called upon and shall determine the
3 qualifications for Pennsylvania-bred thoroughbred horses and
4 Pennsylvania sires. Its registration and record facts are hereby
5 declared as official Pennsylvania records. At the close of each
6 calendar year, the Pennsylvania Horse Breeders' Association,
7 through the Pennsylvania Breeding Fund Advisory Committee, shall
8 submit to the commission for its approval an itemized budget of
9 projected expenses for the ensuing year relating to the
10 administration and development of the Pennsylvania Breeding Fund
11 program. The commission, on no more than a quarterly basis,
12 shall reimburse from the fund the Pennsylvania Horse Breeders'
13 Association for those expenses actually incurred in the
14 administration and development of the Breeding Fund program.

15 Section 224. Pennsylvania Sire Stakes Fund.

16 (a) There is hereby created a restricted account in the
17 State Racing Fund to be known as the Pennsylvania Sire Stakes
18 Fund which shall consist of the money appropriated under the
19 provisions of section 222, and interest earned on that money,
20 and which shall be administered by the State Harness Racing
21 Commission.

22 (b) [After] In the calendar year 1986 and thereafter, after
23 deduction of sufficient funds to cover the State Harness Racing
24 Commission's cost of administration, 85%, unless a smaller
25 percentage is necessary in order to comply with the minimum
26 dollar requirement of subsection (e), of all remaining moneys in
27 the Pennsylvania Sire Stakes Fund shall be divided [among the
28 licensed corporations that conduct harness horse race
29 meetings.], subject to the approval of the State Harness Racing
30 Commission, among the licensed corporations that conduct harness

horse race meetings. One-fifth of this amount shall be allocated
to each licensed corporation. If there is an excess of money due
to the restrictions imposed by this subsection, the amount not
allocated to licensed racing corporations shall remain in the
fund, together with the interest earned on that money,
notwithstanding the provisions of subsection (f). Each licensed
corporation shall divide the funds received equally for each of:

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

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

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

(d) Entry for these races shall be limited to harness horses
which were sired by a standardbred stallion regularly standing
in Pennsylvania and each race shall be designated a Pennsylvania
sire stakes race. The State Harness Racing Commission shall make
the provisions and regulations as it shall deem necessary for
the proper administration of the entry restriction.

(e) The remaining moneys in the Pennsylvania Sire Stakes
Fund up to a total of and not exceeding \$20,000 for each
agricultural fair shall be divided equally among those
agricultural fairs conducting harness horse races for two-year-
old and three-year-old harness horses: Provided, however, That
in no event shall less than \$225,000 be allocated from the
Pennsylvania Sire Stakes Fund and be divided equally among those
agricultural fairs conducting these races. Each fair receiving

1 the funds shall divide the total amount equally among all
2 eligible races for two-year-old and three-year-old harness
3 horses and shall apply the funds solely as additional purse
4 funds. Only races to which entry is restricted to Pennsylvania-
5 sired horses shall be eligible. The State Harness Racing
6 Commission shall make the provisions and regulations as it shall
7 deem necessary for the proper administration of the eligibility
8 restriction.

9 (f) The fund moneys remaining following disbursements as
10 directed in paragraphs (1), (2) and (3) of subsection (b) and
11 subsections (c), (d) and (e) shall, except as provided in
12 subsection (b), be divided among active licensed corporations
13 that conduct harness horse race meetings under this act in
14 direct proportion to the rate by which each licensed corporation
15 generated the fund moneys during the previous year [to]. The
16 fund moneys so divided shall be used for purses as follows:

17 (1) Claiming and nonclaiming Pennsylvania Fund races
18 which restrict entry to registered Pennsylvania-sired harness
19 horses.

20 (2) Claiming and nonclaiming Pennsylvania Fund races
21 which prefer registered Pennsylvania-sired harness horses as
22 starters. In these races, should seven or more registered
23 Pennsylvania-sired harness horses pass the entry box, the
24 race shall be considered closed to horses other than
25 registered Pennsylvania-sired harness horses.

26 Section 3. Section 229 of the act is amended to read:

27 Section 229. State horse racing veterinarians and State

28 [steward] stewards.

29 (a) The State Horse Racing Commission shall appoint and
30 employ licensed veterinarians and [a steward] stewards to serve

1 as the horse racing veterinarians and State [steward] stewards
2 for horse racing, respectively, at each meeting conducted by a
3 corporation licensed by the State Horse Racing Commission. The
4 State Horse Racing Commission shall have the authority to employ
5 other individuals as shall be necessary to carry out the
6 responsibilities of this section.

7 (b) The costs and compensation of the horse racing
8 veterinarians, State [steward] stewards and other individuals
9 employed shall be fixed and paid by the State Horse Racing
10 Commission.

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

14 Section 4. The act is amended by adding sections to read:
15 Section 235. Commingling.

16 (a) This section shall be applicable only to licensed
17 thoroughbred racing corporations.

18 (b) The race secretary shall receive entries and
19 declarations as an agent for the licensed corporation for which
20 the race secretary acts. The race secretary or an individual
21 designated by the licensed corporation may receive stakes,
22 forfeits, entrance money, jockey's and other fees, purchase
23 money in claiming races and other money that can properly come
24 into his possession as an agent for the licensed corporation for
25 which the race secretary or designee is acting.

26 (c) A licensed corporation shall maintain a separate
27 account, called a Horsemen's Account. Money owing to owners in
28 regard to purses, stakes, rewards, claims and deposits shall be
29 deposited into the Horsemen's Account. Funds in the account
30 shall be recognized and denominated as being the sole property

1 of owners. Deposited funds may not be commingled with funds of
2 the licensed corporation. Purse money earned by owners shall be
3 deposited by the licensed corporation in the Horsemen's Account
4 within 48 hours after the result of the race in which the money
5 was earned has been declared official and the purse has been
6 released by the commission.

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

12 (e) The bookkeeper shall invest and deposit funds of the
13 Horsemen's Account in bank accounts bearing daily interest
14 returns, certificates of deposits in Federally insured
15 Pennsylvania banks and savings and loan associations, or in
16 obligations guaranteed by the United States Government or by the
17 Commonwealth. Deposits may not be made with financial
18 institutions with which the licensed corporation has an account.
19 Interest earned from these investments shall be held for the
20 benefit of owners.

21 (f) No money, except jockey's fees, may be deducted by the
22 bookkeeper or withdrawn from the Horsemen's Account unless an
23 owner to whom the money is owed requests a deduction or
24 withdrawal in writing.

25 (g) The Horsemen's Account and the investment and deposit
26 schedules relating to the account are subject to examination, at
27 reasonable times, by a designee of the organization which
28 represents a majority of the owners and trainers racing with the
29 licensed corporation and by the commission. The bookkeeper shall
30 provide each owner with access, at reasonable times during a

1 racing day, to the amount of funds in the Horsemen's Account
2 credited to that owner. At the close of a race meeting, the
3 bookkeeper shall mail to each owner a record of deposits,
4 withdrawals and transfers affecting the amount of funds in the
5 Horsemen's Account credited to that owner.

6 (h) The Horsemen's Account shall be audited periodically as
7 deemed appropriate by the commission. There shall be at least
8 one audit per year.

9 (i) Fifty percent of the money earned as interest on funds
10 in the Horsemen's Account shall be applied to the Horsemen's
11 Account on a quarterly basis. This amount shall be for the
12 benefit of the horsemen as determined by the organization which
13 represents the majority of the owners and trainers racing with
14 the licensed corporation. The remaining 50% of the interest
15 earned shall be for the benefit of the licensed corporation
16 which shall have the responsibility to fund all costs associated
17 with the administration of the fund.

18 Section 236. Harness racing purse moneys.

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

27 Section 5. Section 302 of the act is amended to read:

28 Section 302. Establishment of the Pennsylvania Race Horse
29 Testing Laboratory.

30 (a) There is hereby established the Pennsylvania Race Horse

1 Testing Laboratory. The laboratory shall be administered by a
2 management committee composed of the two chairpersons of the
3 commissions and the Secretary of Agriculture. The laboratory is
4 placed in and made a part of the Department of Agriculture. All
5 costs of the laboratory shall be paid by the commissions. The
6 commissions shall equally fund a contracted performance audit of
7 the laboratory to be conducted by a nongovernmental entity with
8 documented expertise to accurately evaluate the laboratory and
9 formulate recommendations on staffing, equipment and service.
10 The audit shall be completed by July 1, 1987. Copies of the
11 audit shall be submitted to the Governor, the President Pro
12 Tempore of the Senate, the Speaker of the House of
13 Representatives and the members of the State Government
14 Committees of the Senate and the House of Representatives. The
15 management committee shall appoint and direct all personnel,
16 establish a facility, acquire all necessary equipment and
17 supplies and adopt all necessary procedures.

18 (b) The purposes of the Pennsylvania Race Horse Testing
19 Laboratory are to analyze samples for the presence in race
20 horses of any medication, to develop techniques, equipment and
21 procedures, to collect and test for the presence of medication
22 in race horses, to ascertain permitted tolerance levels or
23 therapeutic dose allowances for medication, to offer
24 consultation and advice to the public on all issues regarding
25 the medication of race horses and to conduct research in
26 medication issues involving race horses.

27 Section 6. The State Horse Racing Commission and the State
28 Harness Racing Commission shall, by regulation, adjust license
29 fee schedules to reflect the three-year terms under section 2 of
30 this act. Under these regulations, licensees who have their

1 licenses revoked and suspended shall not be eligible for
2 complete or proportionate refund of the license fees.

3 Section 7. This act, with respect to the State Horse Racing
4 Commission and the State Harness Racing Commission, constitutes
5 the legislation required to reestablish an agency under the act
6 of December 22, 1981 (P.L.508, No.142), known as the Sunset Act.

7 Section 8. The single-agency requirement of section 7(a)(2)
8 of the act of December 22, 1981 (P.L.508, No.142), known as the
9 Sunset Act, does not apply to this act.

10 Section 9. (a) Section 4 (section 235(a) through (g)) shall
11 take effect in six months.

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