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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 862      Session of  
2005

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INTRODUCED BY PIPPY, BRIGHTBILL, RHOADES, LAVALLE, CORMAN,  
RAFFERTY, EARLL, GORDNER, WONDERLING, KASUNIC, MADIGAN, PUNT,  
C. WILLIAMS, WENGER, PILEGGI, ORIE, THOMPSON, O'PAKE,  
ERICKSON, BOSCOLA, SCARNATI, D. WHITE, M. WHITE, WAUGH,  
REGOLA, ROBBINS, LEMMOND AND JUBELIRER, SEPTEMBER 14, 2005

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AMENDMENTS TO SENATE AMENDMENTS, HOUSE OF REPRESENTATIVES,  
OCTOBER 17, 2006

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AN ACT

1 Amending Titles 4 (Amusements) and 18 (Crimes and Offenses) of  
2 the Pennsylvania Consolidated Statutes, further providing for <—  
3 definitions and for the Pennsylvania Gaming Control Board;  
4 providing for applicability of other statutes; further  
5 providing for powers and duties of board; providing for code  
6 of conduct; further providing for temporary regulations, for  
7 licensed entity application appeals from board, for license  
8 or permit application hearing process, for board minutes and  
9 records, for collection of fees and fines, for regulatory  
10 authority of board, for slot machine license fee, for number  
11 of slot machines, for reports of board, for license or permit  
12 prohibition, for Category 2 slot machine licenses, for  
13 Category 3 slot machine licenses, for order of initial  
14 license issuance, for slot machine license application and  
15 for slot machine license application business entity  
16 requirements; providing for licensing of principals and for  
17 licensing of key employees; further providing for slot  
18 machine license application financial fitness requirements  
19 and for supplier and manufacturer licenses; providing for  
20 manufacturer licenses; further providing for occupation  
21 permit application, for central control computer system, for  
22 license or permit issuance, for nontransferability of  
23 licenses and for gross terminal revenue deductions; providing  
24 for itemized budget reporting; further providing for  
25 establishment of State Gaming Fund and net slot machine  
26 revenue distribution, for distributions from Pennsylvania  
27 Race Horse Development Fund, for local land use preemption  
28 and for the Compulsive and Problem Gambling Program;

~~providing for land use preemption and conveyances within  
cities of the first class, for riparian rights and for clean  
indoor air; providing for public official financial interest,  
for political influence and for enforcement; providing for  
procedures and for conduct of public officials and employees;  
further providing for prohibited acts and penalties;  
providing for detention and for interception of oral  
communications; further providing for duty to provide and for  
submission of fingerprints and photographs; providing for  
repayments to State Gaming Fund; and further providing for  
corrupt organizations.~~ FURTHER PROVIDING FOR DEFINITIONS AND  
FOR THE PENNSYLVANIA GAMING CONTROL BOARD; PROVIDING FOR  
APPLICABILITY OF OTHER STATUTES; FURTHER PROVIDING FOR POWERS  
AND DUTIES OF BOARD; PROVIDING FOR CODE OF CONDUCT; FURTHER  
PROVIDING FOR TEMPORARY REGULATIONS, FOR LICENSED ENTITY  
APPLICATION APPEALS FROM BOARD, FOR LICENSE OR PERMIT  
APPLICATION HEARING PROCESS, FOR BOARD MINUTES AND RECORDS,  
FOR COLLECTION OF FEES AND FINES, FOR REPORTS OF BOARD, FOR  
LICENSE OR PERMIT PROHIBITION, FOR CATEGORY 2 SLOT MACHINE  
LICENSES, FOR CATEGORY 3 SLOT MACHINE LICENSES, FOR ORDER OF  
INITIAL LICENSE ISSUANCE, FOR NUMBER OF SLOT MACHINE  
LICENSES, FOR APPLICATIONS FOR LICENSE OR PERMIT, FOR SLOT  
MACHINE LICENSE APPLICATION AND FOR SLOT MACHINE LICENSE  
APPLICATION BUSINESS ENTITY REQUIREMENTS; PROVIDING FOR  
LICENSING OF PRINCIPALS AND FOR LICENSING OF KEY EMPLOYEES;  
FURTHER PROVIDING FOR SLOT MACHINE LICENSE APPLICATION  
FINANCIAL FITNESS REQUIREMENTS AND FOR SUPPLIER AND  
MANUFACTURER LICENSES; PROVIDING FOR MANUFACTURER LICENSES;  
FURTHER PROVIDING FOR OCCUPATION PERMIT APPLICATION, FOR  
CENTRAL CONTROL COMPUTER SYSTEM, FOR LICENSE OR PERMIT  
ISSUANCE, FOR NONTRANSFERABILITY OF LICENSES, FOR GROSS  
TERMINAL REVENUE DEDUCTIONS, FOR ESTABLISHMENT OF STATE  
GAMING FUND AND NET SLOT MACHINE REVENUE DISTRIBUTION, FOR  
DISTRIBUTIONS FROM PENNSYLVANIA RACE HORSE DEVELOPMENT FUND,  
FOR LOCAL LAND USE PREEMPTION AND FOR TRANSFERS FROM STATE  
GAMING FUND; PROVIDING FOR CLEAN INDOOR AIR; FURTHER  
PROVIDING FOR COMPULSIVE AND PROBLEM GAMBLING PROGRAM, FOR  
PUBLIC OFFICIAL FINANCIAL INTEREST, FOR POLITICAL INFLUENCE  
AND FOR ENFORCEMENT; PROVIDING FOR CONDUCT OF PUBLIC  
OFFICIALS AND EMPLOYEES; FURTHER PROVIDING FOR PROHIBITED  
ACTS AND PENALTIES; PROVIDING FOR DETENTION AND FOR  
INTERCEPTION OF ORAL COMMUNICATIONS; FURTHER PROVIDING FOR  
DUTY TO PROVIDE AND FOR SUBMISSION OF FINGERPRINTS; PROVIDING  
FOR REPAYMENTS TO STATE GAMING FUND; FURTHER PROVIDING FOR  
CORRUPT ORGANIZATIONS; AND MAKING RELATED REPEALS.

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

Section 1. The definitions of "affiliate" or "affiliated  
company," "applicant," "controlling interest" and "gross  
terminal revenue" in section 1103 of Title 4 of the Pennsylvania  
Consolidated Statutes are amended and the section is amended by  
adding definitions to read:

1 § 1103. Definitions.

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

5 "Accessory gaming use." A use commonly associated with the  
6 operation or management of a licensed facility or with the  
7 entertainment or convenience of patrons of a licensed facility  
8 WHICH IS CONDUCTED AT THE LICENSED FACILITY, including the <—  
9 following:

10 (1) Hotel, hospitality, convention and conference  
11 facilities.

12 (2) Residential units, including owner-occupied or  
13 rental units.

14 (3) Retail, commercial or office space.

15 (4) Restaurant, performance area, theater or nightclub.

16 (5) Parking areas or marinas.

17 (6) Outdoor advertising.

18 (7) Warehouses.

19 (8) Athletic or sports facilities.

20 "Affiliate[" or "affiliated company]," "affiliate of" or  
21 "person affiliated with." A person that directly or indirectly,  
22 through one or more intermediaries, controls, is controlled by  
23 or is under common control with a specified person.

24 "Applicant." Any person[, officer, director or key  
25 employee], who on his own behalf or on behalf of another, is  
26 applying for permission to engage in any act or activity which  
27 is regulated under the provisions of this part. In cases in  
28 which the applicant is a [corporation, foundation, organization,  
29 business trust, estate, limited liability company, trust,  
30 partnership, limited partnership, association or any other form

1 of legal business entity,] person other than an individual, the  
2 Pennsylvania Gaming Control Board shall determine the associated  
3 persons whose qualifications are necessary as a precondition to  
4 the licensing of the applicant.

5 \* \* \*

6 "Associated area." All parcels of land and improvements,  
7 including a licensed racetrack and backside area, owned by the  
8 licensed gaming entity or its affiliate, intermediary,  
9 subsidiary or holding company that is contiguous or adjoining, <—  
10 including connection WHICH IS CONTIGUOUS OR IS ADJOINED <—  
11 DIRECTLY, by a pedestrian walkway, bridge or easement to the  
12 land-based location of the licensed facility.

13 \* \* \*

14 "Compensation." Any thing of value, money or a financial  
15 benefit conferred on or received by a person in return for  
16 services rendered, or to be rendered, whether by that person or  
17 another.

18 "Complimentary service." Any lodging, service or item which  
19 is provided to an individual at no cost or at a reduced cost  
20 which is not generally available to the public under similar  
21 circumstances. Group rates, including convention and government  
22 rates, shall be deemed to be generally available to the public.

23 "Conduct of gaming." The licensed placement and operation of  
24 games of chance under this part and approved by the Pennsylvania <—  
25 Gaming Control Board at a licensed facility. GAMING UNDER THIS <—  
26 PART.

27 "Controlling interest." [A person shall be deemed to have  
28 the ability to control a publicly traded corporation, or to  
29 elect one or more of the members of its board of directors, if  
30 such holder owns or beneficially holds 5% or more of the

1 securities of such publicly traded domestic or foreign  
2 corporation, partnership, limited liability company or any other  
3 form of legal entity, unless such presumption of control or  
4 ability to elect is rebutted by clear and convincing evidence. A  
5 person who is a holder of securities of a privately held  
6 domestic or foreign corporation, partnership, limited liability  
7 company or any other form of legal entity shall be deemed to  
8 possess a controlling interest unless such presumption of  
9 control is rebutted by clear and convincing evidence.] For a  
10 publicly traded domestic or foreign corporation, a controlling  
11 interest is an interest in a legal entity, ~~applicant or licensee~~ <—  
12 if a person's sole voting rights under State law or corporate  
13 articles or bylaws entitle the person ~~to vote~~ to elect or <—  
14 appoint one or more of the members of the board of directors or  
15 other governing board or the ownership or beneficial holding of  
16 5% or more of the securities of the publicly traded corporation,  
17 partnership, limited liability company or other form of publicly  
18 traded legal entity, unless this presumption of control or  
19 ability to elect is rebutted by clear and convincing evidence.  
20 For a privately held domestic or foreign corporation,  
21 partnership, limited liability company or other form of  
22 privately held legal entity, a controlling interest is the  
23 holding of any securities in the legal entity, unless this  
24 presumption of control is rebutted by clear and convincing  
25 evidence.

26 \* \* \*

27 "Corporation." Includes a publicly traded corporation.

28 \* \* \*

29 "Gross terminal revenue." The total of cash or cash  
30 equivalent wagers received by a slot machine minus the total of:

1 (1) Cash or cash equivalents paid out to patrons as a  
2 result of playing a slot machine which are paid to patrons  
3 either manually or paid out by the slot machine.

4 (2) Cash paid to purchase annuities to fund prizes  
5 payable to patrons over a period of time as a result of  
6 playing a slot machine.

7 (3) Any personal property distributed to a patron as the  
8 result of playing a slot machine. This does not include  
9 travel expenses, food, refreshments, lodging or services.

10 The term does not include counterfeit money or tokens, coins or  
11 currency of other countries which are received in slot machines,  
12 except to the extent that they are readily convertible to United  
13 States currency, cash taken in fraudulent acts perpetrated  
14 against a slot machine licensee for which the licensee is not  
15 reimbursed or cash received as entry fees for contests or  
16 tournaments in which the patrons compete for prizes.

17 "Holding company." A person, other than an individual,  
18 which, directly or indirectly, owns, has the power or right to  
19 control or to vote any significant part of the outstanding  
20 voting securities of a corporation or other form of business  
21 organization. A holding company indirectly has, holds or owns  
22 any such power, right or security if it does so through an  
23 interest in a subsidiary or successive subsidiaries.

24 \* \* \*

25 "Independent contractor." A person who performs  
26 professional, scientific, technical, advisory or consulting  
27 services to the Pennsylvania Gaming Control Board for a fee,  
28 honorarium or similar compensation pursuant to a contract. THE  
29 TERM INCLUDES SUBCONTRACTORS.

30 \* \* \*

1 "Intermediary." A person, other than an individual, which:

2 (1) is a holding company with respect to a corporation  
3 or other form of business organization, which holds or  
4 applies for a license under this part; and

5 (2) is a subsidiary with respect to any holding company.

6 \* \* \*

7 "Member." An individual appointed to and sworn in as a  
8 member of the board in accordance with section 1201(b) (relating  
9 to Pennsylvania Gaming Control Board established).

10 \* \* \*

11 "Principal." An officer; director; person who directly holds  
12 a CONTROLLING beneficial interest in or ownership of the <—  
13 securities of an applicant or licensee; person who has a  
14 controlling interest in an applicant or licensee, or has the  
15 ability to elect a majority of the board of directors of a <—  
16 ~~licensee or to otherwise control a~~ AN APPLICANT OR LICENSEE OR <—  
17 TO OTHERWISE CONTROL AN APPLICANT OR licensee; lender or other  
18 licensed financial institution of an applicant or licensee,  
19 other than a bank or lending institution which makes a loan or  
20 holds a mortgage or other lien acquired in the ordinary course  
21 of business; underwriter of an applicant or licensee; or other  
22 person or employee of an applicant, slot machine licensee,  
23 manufacturer licensee or supplier licensee deemed to be a  
24 principal by the Pennsylvania Gaming Control Board.

25 \* \* \*

26 "Publicly traded corporation." A person, OTHER THAN AN <—  
27 INDIVIDUAL, which:

28 (1) has a class or series of securities registered under  
29 the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C.  
30 § 78a et seq.);

1       (2) is a registered management company under the  
2       Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. §  
3       80a-1 et seq.); or

4       (3) is subject to the reporting obligations imposed by  
5       section 15(d) of the Securities Exchange Act of 1934 by  
6       reason of having filed a registration statement which has  
7       become effective under the Securities Act of 1933 (48 Stat.  
8       74, 15 U.S.C. § 77a et seq.).

9       \* \* \*

10      ~~"Subsidiary." A person other than an individual. The term~~ <—  
11      ~~includes:~~

12      "SUBSIDIARY." A PERSON, OTHER THAN AN INDIVIDUAL, WHICH IS: <—

13       (1) a corporation, any significant part of whose  
14       outstanding equity securities are owned, subject to a power  
15       or right of control, or held with power to vote, by a holding  
16       company or an intermediary company; or <—

17       (2) a significant interest in a person, other than an  
18       individual, which is owned, subject to a power or right of  
19       control, or held with power to vote, by a holding company or  
20       an intermediary company; OR <—

21       (3) A PERSON DEEMED TO BE A SUBSIDIARY BY THE <—  
22       PENNSYLVANIA GAMING CONTROL BOARD.

23      \* \* \*

24      "Underwriter." As defined in the act of December 5, 1972  
25      (P.L.1280, No.284), known as the Pennsylvania Securities Act of  
26      1972.

27      Section 2. Section 1201 of Title 4 is amended to read:

28      § 1201. Pennsylvania Gaming Control Board established.

29      (a) Board established.--There is established an independent  
30      [administrative] board which shall be a body corporate and



1 politic to be known as the Pennsylvania Gaming Control Board[,  
2 which shall be implemented as set forth in this section].

3 (b) Membership.--The board shall consist of the following  
4 members[, who shall serve a set term and may not be removed  
5 except for good cause]:

6 (1) Three members appointed by the Governor.[, each  
7 being referred to as a "gubernatorial appointee."]

8 (2) One member appointed by each of the following  
9 [legislative caucus leaders, each being referred to as a  
10 "legislative appointee"]:

11 (i) The President pro tempore of the Senate.

12 (ii) The Minority Leader of the Senate.

13 (iii) The Speaker of the House of Representatives.

14 (iv) The Minority Leader of the House of  
15 Representatives.

16 (b.1) Removal.--A member of the board shall be removed from  
17 office by the appointing authority:

18 (1) for misconduct in office, willful neglect of duty or  
19 conduct evidencing unfitness for office or incompetence; or

20 (2) upon conviction of an offense graded as a felony, an  
21 infamous crime, an offense under this part or an equivalent  
22 offense under Federal law or the law of another jurisdiction.

23 (c) Initial appointments to board.--

24 (1) Gubernatorial [appointee members] appointees  
25 initially appointed under subsection (b)(1) shall serve an  
26 initial term of one, two and three years respectively as  
27 designated by the Governor at the time of appointment and  
28 until their successors are appointed and qualified.

29 (2) Legislative [appointee members] appointees initially  
30 appointed under subsection (b)(2) shall serve until the third

1 Tuesday in January 2007 and until their successors are  
2 appointed and qualified.

3 (3) [Any] An appointment to fill a vacancy created by a  
4 member appointed in accordance with paragraph (1) or (2)  
5 shall be for the remainder of the unexpired term. [Members so  
6 appointed to fill the unexpired term of an initial appointee  
7 shall be subject to the provisions of subsection (d).]

8 (d) [Appointments after expiration of initial term or upon  
9 vacancy] Terms of office.--Upon the expiration of a term of a  
10 member appointed under [this subsection or upon the existence of  
11 a vacancy of a member appointed pursuant to subsection (c) or  
12 this] subsection (c), [the appointing authority shall appoint a  
13 member subject to the following:

14 (1) For a gubernatorial appointment under subsection  
15 (b)(1), the term shall be for three years and until a  
16 successor is appointed and qualified.] the following shall  
17 apply:

18 (1) The term of office of a gubernatorial appointee  
19 shall be three years and until a successor is appointed and  
20 qualified.

21 (2) [Terms for legislative appointee members appointed  
22 under subsection (b)(2) shall be for a two-year term and  
23 shall expire on the third Tuesday of January of such year,  
24 but such members shall continue to serve until their  
25 successors are appointed and qualified.] The term of office  
26 of a legislative appointee shall be two years and until a  
27 successor is appointed and qualified.

28 (3) [No] A legislative appointee [member] shall serve no  
29 more than three full [successive] consecutive terms.

30 (4) [No] A gubernatorial appointee [member] shall serve

1     no more than two full [successive] consecutive terms.

2           (5) An appointment to fill a vacancy shall be for the  
3 remainder of the unexpired term.

4           (6) A member appointed to fill a vacancy under paragraph  
5 (3) may serve three full terms following the expiration of  
6 the term related to the vacancy.

7           (7) A member appointed to fill a vacancy under paragraph  
8 (4) may serve two full terms following the expiration of the  
9 term related to the vacancy.

10    (e) Ex officio members.--The Secretary of Revenue, the  
11 Secretary of Agriculture and the State Treasurer, or their  
12 designees, shall serve on the board as nonvoting ex officio  
13 members of the board. The designee shall be a deputy secretary  
14 or an equivalent position within the agency.

15    (f) Qualified majority vote.--

16           (1) Except as permitted in paragraphs (2) and (3), any  
17 action, including, but not limited to, the approval,  
18 issuance, denial or conditioning of any license by the board  
19 under this part or the making of any order or the  
20 ratification of any permissible act done or order made by one  
21 or more of the members, shall require a qualified majority  
22 vote consisting of at least one gubernatorial appointee and  
23 the four legislative appointees.

24           (2) Any action to suspend or revoke, not renew, void or  
25 require forfeiture of a license or permit issued under this  
26 part, to impose any administrative fine or penalty under this  
27 part or to issue cease and desist orders or similar  
28 enforcement actions shall require a majority vote of all the  
29 members appointed to the board.

30           (3) Notwithstanding any other provision [to the

contrary] of this part or 65 Pa.C.S. § 1103(j) (relating to  
restricted activities), AND IN ACCORDANCE WITH SUBSECTION  
(H)(6), a member shall disclose the nature of his  
disqualifying interest, disqualify himself and abstain from  
voting in a proceeding under this part in which his [or her  
impartiality] objectivity, impartiality, integrity or  
independence of judgment may be reasonably questioned[,  
including, but not limited to, instances where he or she  
knows that they possess a substantial financial interest in  
the subject matter of the proceeding or any other interest  
that could be substantially affected by the outcome of the  
proceeding. In such circumstances in which it is] ~~as provided~~  
~~in subsection (h)(6)~~. If a legislative appointee [member that  
has disqualified himself or herself] has disqualified  
himself, the qualified majority shall consist of ~~all of~~ the  
remaining [three] legislative appointees and at least two  
gubernatorial appointees. ~~For purposes of this paragraph, the~~  
~~term "immediate family" shall mean spouse, parent, brother,~~  
~~sister or child.~~

~~(4) A member who disqualifies himself from voting on a~~  
~~particular license application shall be disqualified from~~  
~~voting on any application for that license in a proceeding.~~  
~~Multiple license applications seeking the same slot machine~~  
~~license shall be considered a single proceeding.~~

(g) Background investigation.--Appointees shall be subject  
to a background investigation conducted by the Pennsylvania  
State Police in accordance with this part.

(h) Qualifications and restrictions.--

(1) Each member at the time of appointment shall be at  
least 25 years of age and shall have been a resident of this

1 Commonwealth for a period of at least one year immediately  
2 preceding appointment. Each member shall continue to remain a  
3 resident of this Commonwealth during the term of membership  
4 on the board.

5 (2) Except for ex officio members, no person shall be  
6 appointed a member of the board or [hold any place, position  
7 or office under the board if that person holds any other  
8 elected office or party office] be employed by or be an  
9 independent contractor of the board if that person is a  
10 public official or party officer as defined in section 1512  
11 (relating to [public official financial interest] financial  
12 and employment interests) in this Commonwealth or any of its  
13 political subdivisions.

14 [(3) No member, appointee, employee or official shall  
15 hold any office or employment position, the duties of which  
16 are incompatible with the duties of the office.

17 (4) No member, employee, appointee or official engaged  
18 in the service of or in any manner connected with the board  
19 shall hold any office or position, or be engaged in any  
20 employment or vocation, the duties of which are incompatible  
21 with employment in the service of or in connection with the  
22 work of the board.]

23 (3) Each member, employee and independent contractor of  
24 the board shall sign an agreement not to disclose  
25 confidential information.

26 (4) No member, employee or independent contractor of the  
27 board or other agency having regulatory authority over the  
28 board or over forms of gaming regulated by this part shall be  
29 employed, hold any office or position or be engaged in any  
30 activity which is incompatible with the position, employment

1 or contract.

2 (5) No member shall be paid or [accept for any service  
3 connected with the office any fee other than the salary and  
4 expenses provided by law.] receive any fee or other  
5 compensation other than salary and expenses provided by law  
6 for any activity related to the duties or authority of the  
7 board. Nothing in this part shall prohibit a member from  
8 engaging in any employment [or vocation] or receiving any  
9 compensation for such employment [or vocation] that is not  
10 [otherwise] connected to or incompatible with his [or her]  
11 service as a member of the board.

12 (6) No member, employee[, appointee or official shall  
13 participate in any hearing or proceeding in which that person  
14 has any direct or indirect pecuniary interest.] or  
15 independent contractor of the board shall participate in a  
16 hearing, proceeding or other matter in which the member,  
17 employee or independent contractor, or the immediate family  
18 thereof, has a financial interest in the subject matter of  
19 the hearing or proceeding or other interest that could be  
20 substantially affected by the outcome of the hearing or  
21 proceeding, without first fully disclosing the nature of the  
22 interest to the board and other persons participating in the  
23 hearing or proceeding. The board shall determine if the  
24 interest is a disqualifying interest that requires the  
25 disqualification or nonparticipation of an employee or  
26 independent contractor. For purposes of this paragraph, the  
27 term "immediate family" shall mean spouse, parent, brother,  
28 sister or child.

29 (7) At the time of appointment and annually thereafter,  
30 each member shall disclose the existence of [all ownership

1 interests in licensed facilities and all securities in any  
2 licensed entity or applicant, its affiliates or subsidiaries  
3 held by the member, the member's spouse and any minor or  
4 unemancipated children and must divest such ownership  
5 interests in licensed facilities or securities prior to an  
6 appointment becoming final. A member may not acquire any  
7 security in any licensed entity, its affiliates or  
8 subsidiaries during the member's tenure.] any financial  
9 interest in any applicant, licensed entity or licensed  
10 facility and in an affiliate, intermediary, subsidiary or  
11 holding company thereof held by the member or known to be  
12 held by the member's immediate family. The disclosure  
13 statement shall be filed with the executive director of the  
14 board and with the appointing authority for such member and  
15 shall be open to inspection by the public at the office of  
16 the board during the normal business hours of the board  
17 [during the tenure of the member] for the duration of the  
18 member's term and for two years after the member leaves  
19 office. For purposes of this paragraph, the term "immediate  
20 family" shall mean spouse, parent, brother, sister or child.

21 (7.1) Prior to being sworn as a member, an appointee and  
22 his immediate family shall divest any financial interest in  
23 any applicant, licensed facility or licensed entity and in an  
24 affiliate, intermediary, subsidiary or holding company  
25 thereof owned or held by the appointee or known to be held by  
26 the appointee's immediate family. For the duration of the  
27 member's term, and for one year thereafter, the member and  
28 the member's immediate family may not acquire a financial  
29 interest in any applicant, licensed facility or licensed  
30 entity or in an affiliate, intermediary, subsidiary or

1 holding company thereof. For purposes of this paragraph, the  
2 term "immediate family" shall mean spouse and any minor or  
3 unemancipated child.

4 (7.2) Prior to entering into employment or a contract  
5 with the board and annually thereafter, an employee or  
6 independent contractor shall disclose the existence of any  
7 financial interest in any applicant, licensed facility or  
8 licensed entity and in an affiliate, intermediary, subsidiary  
9 or holding company thereof owned or held by the employee or  
10 independent contractor or known to be held by the immediate  
11 family of the employee or independent contractor. The  
12 disclosure statement shall be filed with the board and shall  
13 be open to inspection by the public at the office of the  
14 board during the normal business hours of the board and for  
15 two years after termination of employment or a contract with  
16 the board. For purposes of this paragraph, the term  
17 "immediate family" shall mean spouse, parent, brother, sister  
18 or child.

19 (7.3) Prior to entering into employment or contracting  
20 with the board, an employee or independent contractor and the  
21 employee's or independent contractor's immediate family shall  
22 divest any financial interest in any applicant, licensed  
23 facility or licensed entity, and in an affiliate,  
24 intermediary, subsidiary or holding company thereof, owned or  
25 held by the employee or independent contractor or known to be  
26 held by the immediate family of the employee or independent  
27 contractor. For the duration of the employee's employment  
28 with the board or the independent contractor's contract with  
29 the board, and for one year thereafter, the employee or  
30 independent contractor and the immediate family thereof shall



1 not acquire, by purchase, gift, exchange or otherwise, any  
2 financial interest in any applicant, licensed facility or  
3 licensed entity and in any affiliate, intermediary,  
4 subsidiary or holding company thereof. For purposes of this  
5 paragraph, the term "immediate family" shall mean spouse and  
6 any minor or unemancipated child.

7 (8) [Every member, employee, appointee or official of  
8 the board, in the service of or in connection with the work  
9 of the board, is forbidden, directly or indirectly, to  
10 solicit or request from or to suggest or recommend to any  
11 applicant, licensed entity, its] No member, employee or  
12 independent contractor of the board may directly or  
13 indirectly solicit, request, suggest or recommend to any  
14 applicant, licensed entity, or an affiliate, intermediary,  
15 subsidiary[,] or holding company thereof or to any [officer,  
16 attorney, agent or employee] principal, employee, independent  
17 contractor or agent thereof, the appointment or employment of  
18 any [individual to any office, place or position in or the  
19 employment of any individual] person in any capacity by the  
20 applicant, licensed entity, [its] or an affiliate,  
21 intermediary, subsidiary or holding company thereof for a  
22 period of two years from the termination of term of office,  
23 employment or contract with the board.

24 [(9) Every member, executive-level employee, appointee  
25 or official appointed to office in the service of or in  
26 connection with the work of the board is prohibited from  
27 accepting employment with any applicant, licensed gaming  
28 entity, its affiliate, intermediary, subsidiary or holding  
29 company for a period of one year from the termination of  
30 employment or service with the board. Every member,

1 executive-level employee, appointee or official appointed to  
2 office in the service of or in connection with the work of  
3 the board is prohibited from appearing before the board on  
4 behalf of any applicant, licensed gaming entity, its  
5 affiliate, intermediary, subsidiary or holding company or  
6 other licensee or permittee of the board for a period of two  
7 years after terminating employment or service with the board.

8 (10) If any person employed or appointed in the service  
9 of the board violates any provision of this section, the  
10 appointing authority or the board shall forthwith remove the  
11 person from the office or employment and the person shall be  
12 ineligible for future employment or service with the board  
13 and shall be ineligible to be approved for any license or  
14 permit under this part for a period of two years thereafter.]

15 (9) No member may accept employment with any applicant,  
16 licensed entity, or an affiliate, intermediary, subsidiary or  
17 holding company thereof, for a period of two years from the  
18 termination of term of office.

19 (10) No member may appear before the board on behalf of  
20 any applicant, licensed entity, or an affiliate,  
21 intermediary, subsidiary or holding company thereof, or any  
22 other licensee or permittee for a period of two years from  
23 the termination of term of office.

24 (11) No member [or], employee or independent contractor  
25 of the board shall ACCEPT A COMPLIMENTARY SERVICE OR wager or <—  
26 be paid any prize from any wager at any licensed facility  
27 within this Commonwealth or at any other facility outside  
28 this Commonwealth which is owned or operated by a licensed  
29 gaming entity or any of its [affiliates or subsidiaries.]  
30 affiliates, intermediaries, subsidiaries or holding companies

1 thereof for the duration of their term of office, employment  
2 or contract with the board, and for a period of one year from  
3 the termination of term of office, employment or contract  
4 with the board. The provisions of this paragraph shall also  
5 apply to an employee of the executive branch of the  
6 Commonwealth, other than the board, whose duties  
7 substantially involve the development or adoption of  
8 regulations or policy, licensing or enforcement, under this  
9 part. The provisions of this paragraph shall not apply to  
10 employees who utilize slot machines for testing purposes or  
11 to verify the performance of a machine as part of an  
12 enforcement investigation.

13 (12) A member [of the board] who has been convicted  
14 during his term in any domestic or foreign jurisdiction of a  
15 felony, infamous crime [of moral turpitude] or gambling  
16 offense shall, upon conviction, be automatically removed from  
17 the board and shall be ineligible to become a [board] member  
18 in the future. If an ex officio member is convicted during  
19 his term in any domestic or foreign jurisdiction of a felony,  
20 infamous crime or gambling offense, the ex officio member  
21 shall, upon conviction, be automatically removed from the  
22 board, and a designee shall be designated pursuant to  
23 subsection (e) to serve the remainder of the ex officio  
24 member's term.

25 ~~(13) No employee of the board, independent contractor or~~ <—  
26 ~~individual employed by an independent contractor of the board~~

27 (13) NEITHER AN EMPLOYEE OF THE BOARD, NOR AN <—  
28 INDEPENDENT CONTRACTOR, NOR AN INDIVIDUAL EMPLOYED BY AN  
29 INDEPENDENT CONTRACTOR whose duties substantially involve the  
30 development or adoption of regulations or policy, licensing

1 ~~or enforcement, under this part,~~ UNDER THIS PART, NOR ANY <—  
2 ~~OTHER EMPLOYEE OF THE EXECUTIVE BRANCH OF THE COMMONWEALTH OR~~  
3 ~~OF A POLITICAL SUBDIVISION WHOSE DUTIES SUBSTANTIALLY INVOLVE~~  
4 ~~THE DEVELOPMENT OR ADOPTION OF REGULATIONS OR POLICY,~~  
5 LICENSING OR ENFORCEMENT UNDER THIS PART, shall:

6 (i) accept employment with an applicant, licensed  
7 entity, or an affiliate, intermediary, subsidiary or  
8 holding company thereof, for a period of one year after  
9 the termination of the employment relating to the conduct <—  
10 of gaming or contract with the board; or

11 (ii) appear before the board in any hearing or  
12 proceeding or participate in any other activity on behalf  
13 of any applicant, licensee, permittee, licensed entity,  
14 or an affiliate, intermediary, subsidiary or holding  
15 company thereof, for a period of two years after  
16 termination of the employment or contract with the board.

17 ~~(iii) Subparagraph (i) shall not prohibit an~~ <—  
18 ~~employee, independent contractor or individual employed~~  
19 ~~by an independent contractor from accepting employment or~~  
20 ~~a contract with an accessory gaming use owned or operated~~  
21 ~~by an applicant, licensed entity or an affiliate,~~  
22 ~~intermediary, subsidiary or holding company thereof if~~  
23 ~~the employment or contract is not related to the conduct~~  
24 ~~of gaming.~~

25 (14) Upon the written request of an employee of the  
26 board, the executive branch of the Commonwealth or a  
27 political subdivision or of the agency or political  
28 subdivision employing an employee, the State Ethics  
29 Commission shall determine whether the individual's duties  
30 substantially involve the development or adoption of

1 regulations or policy, licensing or enforcement, under this  
2 part, and shall provide a written determination to the  
3 employee to include any prohibition under this paragraph. An  
4 individual who relies in good faith on a determination under  
5 this paragraph shall not be subject to any penalty for an  
6 action taken, provided that all material facts set forth in  
7 the request for a determination are correct.

8 (15) If a member, employee or independent contractor of  
9 the board violates any provision of this section, the  
10 appointing authority or the board may, upon notice and  
11 hearing, remove the person from the board, withdraw the  
12 appointment or terminate the employment or contract and the  
13 person shall be ineligible for future appointment, employment  
14 or contract with the board and for approval of a license or  
15 permit under this part for a period of two years thereafter.

16 (h.1) Fiduciary relationship.--A member or employee of the  
17 board shall serve as a fiduciary of the Commonwealth.

18 (h.2) Standard of care.--Members shall exercise the standard  
19 of care required by 20 Pa.C.S. Ch. 73 (relating to  
20 municipalities investments) in the performance of their duties  
21 under this part.

22 (h.3) Liability.--Members shall not be personally liable for  
23 any of the following:

24 (1) Obligations of the board.

25 (2) Actions which were within the scope of their office  
26 and made in good faith.

27 (i) Compensation.--

28 (1) The Executive Board as established in the act of  
29 April 9, 1929 (P.L.177, No.175), known as The Administrative  
30 Code of 1929, shall establish the compensation of the members

1 [appointed pursuant to this section].

2 (2) Members shall be reimbursed for all necessary and  
3 actual expenses.

4 (3) Members shall be eligible for retirement under the  
5 State Employees' Retirement Code and shall, if the member  
6 elects to participate, be considered a State employee for the  
7 purposes of 71 Pa.C.S. Pt. XXV (relating to retirement for  
8 State employees and officers).

9 (j) Chairman.--The chairman of the board shall be selected  
10 by the Governor.

11 (k) Appointments.--The appointing authorities shall make  
12 their initial appointments within 60 days of the effective date  
13 of this part. No appointment shall be final until receipt by the  
14 appointing authority of the required background investigation of  
15 the appointee by the Pennsylvania State Police which shall be  
16 completed within 30 days. No person who has been convicted in  
17 any domestic or foreign jurisdiction of a felony [or gambling],  
18 infamous crime or gaming offense shall be appointed to the  
19 board.

20 [(l) Disclosure statements.--Members and employees of the  
21 board are subject to the provisions of 65 Pa.C.S. Ch. 11  
22 (relating to ethics standards and financial disclosure) and the  
23 act of July 19, 1957 (P.L.1017, No.451), known as the State  
24 Adverse Interest Act.]

25 (l) Prohibition against nepotism.--No member may solicit,  
26 request, suggest or recommend the employment by the board of any  
27 individual related within the second degree of consanguinity TO <—  
28 THE MEMBER as set forth in 23 Pa.C.S. § 1304(e) (relating to  
29 restrictions on issuance of license) or the spouse of the  
30 individual.

1     (m) Employment requirements.--THE BOARD SHALL ESTABLISH     <—  
2     EMPLOYMENT REQUIREMENTS CONSISTENT WITH THE FOLLOWING:

3         (1) Prospective employees shall submit an application  
4         and a personal disclosure form to the board which shall  
5         include a complete criminal history, including convictions  
6         and current charges for all felonies and misdemeanors.

7         (2) Prospective employees shall be required to undergo  
8         testing which detects the presence of illegal substances in  
9         the body.

10        (3) The board shall obtain fingerprints and photographs  
11        for each PROSPECTIVE employee consistent with the standards     <—  
12        adopted by the Pennsylvania State Police.

13        (4) The board shall verify the identification,  
14        employment and education of each PROSPECTIVE employee,     <—  
15        including:

16            (i) Legal name, including any alias.

17            (ii) All educational institutions attended  
18            regardless of graduation status.

19            (iii) Places of residence for the past ten years.

20            (iv) Employment history for the past 15 years.

21        (5) The board shall not ~~approve an applicant if the~~     <—  
22        ~~applicant~~; HIRE A PROSPECTIVE EMPLOYEE IF THE PROSPECTIVE     <—  
23        EMPLOYEE:

24            (i) has been convicted of a crime that bears a close  
25            relationship to the duties and responsibilities of the  
26            position for which employment is sought;

27            (ii) has been dismissed from other employment for  
28            gross misconduct; or

29            (iii) has intentionally made a false statement  
30            concerning a material fact in connection with the

application to the board.

~~(6) The board shall not employ a person whose background  
check has not been completed under paragraph (1). This  
paragraph~~

(IV) HAS NOT BEEN COMPLETELY INVESTIGATED UNDER  
PARAGRAPHS (1), (2), (3) AND (4). THIS SUBPARAGRAPH shall  
apply only to persons employed after the effective date  
of this subsection.

~~(7) (6) The board shall:~~

(i) Immediately refer any criminal matter involving  
an employee to law enforcement.

(ii) Develop a disciplinary process for an employee  
charged with a crime or with gross misconduct.

(iii) Immediately suspend from employment any  
employee charged with a felony.

(iv) Develop a process to discipline all other  
instances of misconduct.

~~(8) (7) Disciplinary action shall be instituted promptly  
against an employee who, while on or off duty, engages in  
serious misconduct which may bring the board into disrepute.~~

(n) Definitions.--As used in this section, the following  
words and phrases shall have the meanings given to them in this  
subsection:

"Financial interest." An ownership, property, leasehold or  
other beneficial interest in an entity. The term shall not  
include an interest which is held or deemed to be held in any of  
the following:

(1) Securities that are held in a pension plan, profit-  
sharing plan, individual retirement account, tax sheltered  
annuity, a plan established pursuant to section 457 of the



Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), or any successor provision, deferred compensation plan whether qualified or not qualified under the Internal Revenue Code of 1986, or any successor provision, or other retirement plan that:

(i) is not self-directed by the individual; and

(ii) is advised by an independent investment adviser who has sole authority to make investment decisions with respect to contributions made by the individual to these plans.

(2) A tuition account plan organized and operated pursuant to section 529 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 529) that is not self-directed by the individual.

(3) A mutual fund where the interest owned by the mutual fund in a licensed entity does not constitute a controlling interest as defined in this part.

"Ownership interest." Owning or holding or being deemed to hold, debt or equity securities or other ownership interest or profit interest.

Section 3. Title 4 is amended by adding a section to read:

§ 1201.1. Applicability of other statutes.

(a) General rule.--The following acts shall apply to the board:

(1) The act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law.

(2) The act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act.

(3) The provisions of 65 Pa.C.S. Chs. 7 (relating to open meetings) and 11 (relating to ethics standards and

1 financial disclosure).

2 (b) Status of board.--

3 (1) The board shall be considered an independent agency  
4 for the purposes of the following:

5 (i) 62 Pa.C.S. Pt. I (relating to Commonwealth  
6 Procurement Code). The expediting of the payment of  
7 revenue to the Commonwealth shall not be grounds for an  
8 emergency procurement by the board.

9 (ii) The act of October 15, 1980 (P.L.950, No.164),  
10 known as the Commonwealth Attorneys Act. The Attorney <—  
11 General shall review permanent regulations promulgated by  
12 the board as provided in the act of June 25, 1982  
13 (P.L.633, No.181), known as the Regulatory Review Act.

14 (2) The board shall be considered an agency for the  
15 purposes of the following:

16 (i) The act of July 31, 1968 (P.L.769, No.240),  
17 referred to as the Commonwealth Documents Law.

18 (ii) The ACT OF JUNE 25, 1982 (P.L.633, NO.181), <—  
19 KNOWN AS THE Regulatory Review Act.

20 (3) THE BOARD SHALL BE CONSIDERED A COMMONWEALTH PARTY <—  
21 FOR THE PURPOSES OF 42 PA.C.S. CH. 85 (RELATING TO MATTERS  
22 AFFECTING GOVERNMENT UNITS).

23 Section 4. Section 1202 of Title 4 is amended to read:

24 § 1202. General and specific powers.

25 (a) General powers.--

26 (1) The board shall have general [jurisdiction] and sole  
27 regulatory authority over [all gaming activities] the conduct <—  
28 of gaming or related activities] THE CONDUCT OF GAMING AND <—  
29 REGULATORY AUTHORITY OVER ACCESSORY GAMING USES as described  
30 in this part. The board shall [be responsible to] ensure the

1 integrity of the acquisition and operation of slot machines  
2 and associated equipment and shall have [jurisdiction] sole  
3 regulatory authority over every aspect of the authorization  
4 and operation of slot machines.

5 (2) The board shall employ [an executive director, chief  
6 counsel, deputies, secretaries, officers, hearing officers  
7 and agents as it may deem necessary] individuals as necessary  
8 to carry out the powers and duties of the board, who shall  
9 serve at the board's pleasure. [The board shall also employ  
10 other employees as it deems appropriate whose duties shall be  
11 determined by the board. In order to ensure the ability of  
12 the board to recruit and retain individuals necessary to  
13 execute its responsibilities under this part, the board shall  
14 set the] An employee of the board shall be considered a State  
15 employee for purposes of 71 Pa.C.S. Pt. XXV (relating to  
16 retirement for State employees and officers). For the  
17 purposes of this paragraph, the board shall not be considered  
18 an executive or independent agency under the act of October  
19 15, 1980 (P.L.950, No.164), known as the Commonwealth  
20 Attorneys Act.

21 (3) In addition to employees authorized by the board,  
22 each member may employ one special assistant whose  
23 classification and compensation shall be established by the  
24 board. A special assistant shall be a State employee for  
25 purposes of 71 Pa.C.S. Pt. XXV, shall serve at the pleasure  
26 of the member and may only be removed by the board for cause.

27 (4) The board shall establish a system of classification  
28 and compensation of its employees and shall not be subject to  
29 the provisions of the act of April 9, 1929 (P.L.177, No.175),  
30 known as The Administrative Code of 1929, as to

1 classification and compensation for its employees and conduct  
2 its activities consistent with the practices and procedures  
3 of Commonwealth agencies. [For the purposes of the act of  
4 October 15, 1980 (P.L.950, No.164), known as the Commonwealth  
5 Attorneys Act, the board shall not be considered an executive  
6 or independent agency. The board shall have such other powers  
7 and authority necessary to carry out its duties and the  
8 objectives of this part.]

9 (5) Within 90 days of the effective date of this  
10 paragraph, the board shall publish in the Pennsylvania  
11 Bulletin, and on its Internet website, the classification  
12 system for all employees of the board.

13 (6) A request for proposal to conduct investigations of  
14 employees and applicants under this part shall include a  
15 requirement that an offeror provide the number of employees  
16 of the offeror who will be engaged in the conduct of  
17 investigations and who are residents of this Commonwealth and  
18 annuitants of a Federal, State or local law enforcement  
19 agency. Preference shall be given to an offeror with a  
20 substantial number of employees who will be engaged in the  
21 conduct of investigations and who are residents of this  
22 Commonwealth and annuitants of a Federal, State or local law  
23 enforcement agency.

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

26 (1) To adopt, use and alter a corporate seal.

27 (2) To pay or satisfy obligations of the board.

28 (3) To sue or be sued, implead and be impleaded, or  
29 interplead.

30 (4) To contract and execute instruments as necessary to

1 carry out the powers and duties of the board. Contracts for  
2 the purchase of supplies, services and construction shall be  
3 for a term not to exceed two years.

4 (5) To sell, transfer, convey and dispose of tangible or  
5 intangible property owned by the board.

6 (6) To establish, charge and collect fees and fines as  
7 authorized by this part.

8 (7) To administer oaths, examine witnesses and issue  
9 subpoenas compelling the attendance of witnesses or the  
10 production of documents and records or other evidence. The  
11 provisions of this paragraph shall apply to ~~designated~~ <—  
12 officers and employees DESIGNATED BY THE BOARD. <—

13 (8) To purchase insurance against a loss related to the  
14 board's property or assets.

15 (8.1) Retain attorneys, accountants, auditors and  
16 financial and other experts, to render services as necessary.  
17 For the purposes of this paragraph, the board shall be  
18 considered an independent agency for purposes of the  
19 Commonwealth Attorneys Act.

20 (9) To require background investigations on [prospective  
21 or existing] applicants, licensees, principals, key employees  
22 or permittees [or persons holding a controlling interest in  
23 any prospective or existing licensee or permittee] under the  
24 jurisdiction of the board.

25 [(2)] (10) To enter into an agreement with the  
26 Pennsylvania State Police for the reimbursement of actual  
27 costs as approved by the board to the Pennsylvania State  
28 Police for the investigations. Investigations shall include  
29 information in the possession of the Attorney General.

30 [(3)] (11) For purposes of licensing and enforcement and

1 for purposes of the background investigation, [the board may]  
2 to receive information otherwise protected by 18 Pa.C.S. Ch.  
3 91 (relating to criminal history record information).

4 [(4)] (12) At its discretion, to issue, approve, renew,  
5 revoke, suspend, condition or deny issuance or renewal of  
6 slot machine licenses.

7 [(5)] (13) At its discretion, to issue, approve, renew,  
8 revoke, suspend, condition or deny issuance or renewal of  
9 supplier and manufacturer licenses.

10 [(6)] (14) At its discretion, to issue, approve, renew,  
11 revoke, suspend, condition or deny issuance or renewal of  
12 [occupation permits] a license or permit for various classes  
13 of employees as required under this part.

14 [(7)] (15) At its discretion, to issue, approve, renew,  
15 revoke, suspend, condition or deny issuance or renewal of any  
16 additional licenses or permits which may be required by the  
17 board under this part. [or by regulation, including, but not  
18 limited to, violations of sections 1328 (relating to change  
19 in ownership or control of slot machine licensee) and 1330  
20 (relating to multiple slot machine license prohibition).]

21 [(8)] (16) At its discretion, to suspend, condition or  
22 deny the issuance or renewal of any license or permit or levy  
23 fines or other sanctions for any violation of this part.

24 (16.1) ~~To~~ AT ITS DISCRETION, TO suspend or revoke the <—  
25 license of a licensed entity if a final, nonappealable order  
26 issued by a Federal court finds that the licensed entity is  
27 in violation of Federal antitrust or unfair trade practice  
28 laws in connection with the provision of goods or services  
29 under this part.

30 [(9)] (17) To require prospective and existing

1 employees, independent contractors, applicants [for licenses  
2 and permits], licensees and permittees to submit to  
3 fingerprinting by the Pennsylvania State Police. The  
4 Pennsylvania State Police shall submit the fingerprints to  
5 the Federal Bureau of Investigation for purposes of verifying  
6 the identity of the [applicants] individual and obtaining  
7 records of criminal arrests and convictions.

8 [10] (18) To require prospective and existing employees,  
9 INDEPENDENT CONTRACTORS, applicants, licensees and permittees <—  
10 to submit photographs consistent with the standards of the  
11 Commonwealth Photo Imaging Network.

12 (19) To levy fines or other sanctions against an  
13 applicant, licensed entity or other licensee, permittee or  
14 employee of the board who possesses, uses, sells or offers  
15 for sale any device, equipment or material subject to this  
16 part in a manner which constitutes a violation of this part.

17 (20) In addition to the power of the board regarding  
18 license and permit applicants, to determine at its discretion  
19 the suitability of any person who furnishes or seeks to  
20 furnish to a slot machine licensee directly or indirectly any  
21 services or property related to slot machines or associated  
22 equipment or through any arrangements under which that person  
23 receives payment based directly or indirectly on earnings,  
24 profits or receipts from the slot machines and associated  
25 equipment. The board may require any such person to comply  
26 with the requirements of this part and the regulations of the  
27 board and may prohibit the person from furnishing the  
28 services or property.

29 [(11) As a board and through its designated officers,  
30 employees or agents, to administer oaths, examine witnesses

1 and issue subpoenas to compel attendance of witnesses and  
2 production of all relevant and material reports, books,  
3 papers, documents and other evidence.

4 (12)] (21) Within six months after the effective date of  
5 this part, in a manner that does not impede the immediate  
6 implementation of the duties and responsibilities of the  
7 board under this part during the immediate two years after  
8 the effective date of this part, to develop and implement an  
9 affirmative action plan to assure that all persons are  
10 accorded equality of opportunity in employment and  
11 contracting by the board, its contractors, subcontractors,  
12 assignees, lessees, agents, vendors and suppliers.

13 [(13)] (22) Except for contracts related to the central  
14 control computer [and such other contracts as the board, in  
15 consultation with the Secretary of General Services,  
16 determines would result in substantial savings to the board  
17 if entered into for a longer period than provided in this  
18 paragraph], all contracts entered into by the board during  
19 the two-year period following the effective date of this part  
20 shall not exceed a term of two years.

21 [(14) To promulgate rules and regulations the board  
22 deems necessary to carry out the policy and purposes of this  
23 part and to enhance the credibility and the integrity of the  
24 licensed operation of slot machines and associated equipment  
25 in this Commonwealth.

26 (15)] (23) The board shall not issue or renew a license  
27 or permit unless it is satisfied that the applicant is a  
28 person of good character, honesty and integrity and is a  
29 person whose prior activities, criminal record, if any,  
30 reputation, habits and associations do not pose a threat to



1 the public interest or the effective regulation and control  
2 of slot machine operations or create or enhance the danger of  
3 unsuitable, unfair or illegal practices, methods and  
4 activities in the conduct of slot machine operations or the  
5 carrying on of the business and financial arrangements  
6 incidental thereto.

7 [(16)] (24) Notwithstanding any other provision of law,  
8 [the board is authorized] to sell, in whole or in part, the  
9 Commonwealth's right, title and interest in State gaming  
10 receipts to [an] the authority [created by the Commonwealth].

11 The sale shall be subject to the terms and conditions  
12 contained in agreements between the board and the authority.

13 Proceeds from the sale of State gaming receipts shall be  
14 allocated and used in the manner otherwise provided by this  
15 part for the distribution of State gaming receipts. The

16 authority [created by the Commonwealth] is authorized to  
17 purchase State gaming receipts upon terms and conditions

18 agreed to by the board and to issue bonds to fund the  
19 purchase of State gaming receipts in the manner provided for  
20 the issuance of authority indebtedness in the law

21 establishing the authority. The State Treasurer is authorized  
22 and directed to enter into any agreements with the board and  
23 the authority and establish accounts and funds, that shall

24 not be in the State Treasury, as the authority may direct as  
25 being necessary or appropriate to effect the sale of State  
26 gaming receipts to the authority and the collection and  
27 transfer of the State gaming receipts sold to the authority.

28 State gaming receipts sold to the authority shall be the  
29 property of the authority and shall not be the property of  
30 the Commonwealth.

1           [(17)] (25) To [create a Bureau of Investigations and  
2 Enforcement within the board. The board shall] promulgate  
3 regulations pertaining to the operation of the bureau [which  
4 shall] to insure separation of functions between the bureau  
5 and the board. The board shall provide the employees  
6 necessary to the bureau for enforcement of this part.

7           [(18)] (26) To enter into an agreement with the district  
8 attorneys of the counties wherein licensed facilities are  
9 located and the Office of Attorney General for the  
10 reimbursement of actual costs for prosecutions of criminal  
11 violations [of this part.] and for investigating a person  
12 applying for a determination that an individual has been  
13 rehabilitated under this part.

14           (27) To publish each January in the Pennsylvania  
15 Bulletin and on the board's Internet website a complete list  
16 of all persons or entities who applied for or held a slot  
17 machine license, manufacturer license, supplier license or  
18 racetrack license at any time during the preceding calendar  
19 year and all affiliates, intermediaries, subsidiaries and  
20 holding companies thereof and the status of the application  
21 or license.

22           (28) To prepare and, through the Governor, submit  
23 annually to the General Assembly an itemized budget  
24 consistent with Article VI of the act of April 9, 1929  
25 (P.L.177, No.175), known as The Administrative Code of 1929,  
26 consisting of the amounts necessary to be appropriated by the  
27 General Assembly out of the ~~fund~~ ACCOUNTS ESTABLISHED UNDER <—  
28 SECTION 1401 (RELATING TO SLOT MACHINE LICENSEE DEPOSITS)  
29 required to meet the obligations accruing during the fiscal  
30 period beginning July 1 of the following year. The budget

1 shall include itemized recommendations ~~from~~ FOR the Attorney <—  
2 General, the department and the Pennsylvania State Police as  
3 to the amount needed to meet their obligations under this  
4 part.

5 ~~(29) In the event that in any year, appropriations for~~ <—  
6 IN THE EVENT THAT IN ANY YEAR, APPROPRIATIONS FOR the <—  
7 administration of this part are not enacted by June 30, any  
8 funds appropriated for the administration of this part which are  
9 unexpended, uncommitted, and unencumbered at the end of a fiscal  
10 year shall remain available for expenditure by the board or  
11 other agency to which they were appropriated until the enactment  
12 of appropriation for the ensuing fiscal year.

13 ~~(30) (29) To promulgate rules and regulations necessary~~ <—  
14 for the administration and enforcement of this part. ~~Except~~ <—  
15 ~~as provided in section 1203 (relating to temporary~~  
16 ~~regulations), regulations shall be adopted pursuant to the~~  
17 ~~act of July 31, 1968 (P.L.769, No.240), referred to as the~~  
18 ~~Commonwealth Documents Law, and the act of June 25, 1982~~  
19 ~~(P.L.633, No.181), known as the Regulatory Review Act.~~

20 (30) TO COOPERATE WITH THE LIQUOR CONTROL BOARD IN ITS <—  
21 PROMULGATION OF REGULATIONS RELATING TO THE SALE AND SERVICE  
22 OF LIQUOR AND MALT AND BREWED BEVERAGES BY LICENSEES.

23 Section 5. Title 4 is amended by adding a section to read:  
24 § 1202.1. Code of conduct.

25 (a) Scope.--The board shall adopt a comprehensive code of  
26 conduct prior to the consideration of any license, permit or  
27 registration application. The code of conduct shall supplement  
28 all other requirements under this part and 65 Pa.C.S. Pt. II  
29 (relating to accountability) and shall provide guidelines  
30 applicable to members, employees, independent contractors of the

1 board, and the immediate families of the members, employees and  
2 independent contractors, to enable them to avoid any perceived  
3 or actual conflict of interest and to promote public confidence  
4 in the integrity and impartiality of the board. At a minimum,  
5 the code of conduct adopted under this section shall include  
6 registration under subsection (b) and the restrictions in  
7 subsection (c).

8 (b) Registration.--

9 (1) A licensed entity representative shall register with  
10 the board in a manner prescribed by the board, which shall  
11 include the name, employer or firm, address, telephone number  
12 and the licensed entity being represented.

13 (2) A licensed entity representative shall have an  
14 ongoing duty to update its registration information on an  
15 ongoing basis.

16 (3) The registration list shall be available for public  
17 inspection at the offices of the board and on the board's  
18 Internet website.

19 (c) Restrictions.--A member of the board shall:

20 (1) Not engage in any ex parte communication with any  
21 person.

22 (2) Not accept any discount, gift, gratuity,  
23 compensation, travel, lodging or other thing of value,  
24 directly or indirectly, from any applicant, licensee,  
25 permittee, registrant or licensed entity representative  
26 thereof.

27 (3) Disclose and disqualify himself from any proceeding  
28 in which the member's objectivity, impartiality, integrity or  
29 independence of judgment may be reasonably questioned due to  
30 the member's relationship or association with a party

1 connected to any proceeding or a person appearing before the  
2 board.

3 (4) Refrain from any financial or business dealing which  
4 would tend to reflect adversely on the member's objectivity,  
5 impartiality or independence of judgment.

6 (5) Not hold or campaign for public office, hold an  
7 office in any political party or political committee,  
8 contribute to or solicit contributions to a political  
9 campaign, party, committee or candidate, publicly endorse a  
10 candidate or actively participate in a political campaign.

11 (6) Not solicit funds for any charitable, educational,  
12 religious, health, fraternal, civic or other nonprofit entity  
13 from an applicant, licensed entity or affiliate, subsidiary,  
14 intermediary or holding company of a licensed entity,  
15 interested party or licensed entity representative. A board  
16 member may serve as an officer, employee or member of the  
17 governing body of a nonprofit entity and may attend, make  
18 personal contributions to and plan or preside over the  
19 entity's fundraising events. A board member may permit his  
20 name to appear on the letterhead used for fundraising events  
21 if the letterhead contains only the board member's name and  
22 position with the nonprofit entity.

23 (7) Not meet or engage in discussions with any  
24 applicant, person licensed under this part, or a licensed  
25 entity representative unless the meeting or discussion occurs  
26 on the business premises of the board and is recorded in a  
27 log maintained for this purpose. The log shall be available  
28 for public inspection during the regular business hours of  
29 the board. The provisions of this paragraph shall not apply  
30 to meetings of the board to consider matters requiring the

1 physical inspection of the equipment or premises of an  
2 applicant or a licensed entity at their location.

3 (8) Avoid impropriety and the appearance of impropriety  
4 at all times and observe standards and conduct that promote  
5 public confidence in the oversight of gaming.

6 (9) Comply with any other laws, rules or regulations  
7 relating to the conduct of a member.

8 (d) Ex officio members.--The restrictions under subsection  
9 (c)(5) shall not apply to ex officio members.

10 (e) Definitions.--As used in this section, the following  
11 words and phrases shall have the meanings given to them in this  
12 subsection:

13 "Ex parte communication." Any off-the-record communications  
14 regarding any A pending matter before the board or which may <—  
15 reasonably be expected to come before the board in an on-the-  
16 record proceeding to be decided on the record. The term shall <—  
17 not include off-the-record communications by any employee AND <—  
18 BETWEEN MEMBERS, EMPLOYEES of the board, Department of Revenue,  
19 Pennsylvania State Police, Attorney General or other law  
20 enforcement official prior to the beginning of the proceeding <—  
21 solely for the purpose of seeking clarification or correction to  
22 evidentiary materials intended for use in the hearings.  
23 NECESSARY FOR THEIR OFFICIAL DUTIES UNDER THIS PART. <—

24 "Licensed entity representative." A person acting on behalf  
25 of or representing the interest of any applicant, licensee,  
26 permittee or registrant, including an attorney, agent or  
27 lobbyist regarding any matter which may reasonably be expected  
28 to come before the board.

29 Section 6. Sections 1203, 1204, 1205, 1206(a), (b), (c), (d)  
30 and (f), ~~1207(6)~~, 1208(1), 1209(a), ~~1210, 1211, 1213, 1304,~~ <—

1 ~~1305, 1306,~~ 1211, 1213, 1304, 1305, 1306, 1307, 1308, 1309(a)(1) <—  
2 and 1311 of Title 4 are amended to read:

3 § 1203. Temporary regulations.

4 (a) Promulgation.--[Notwithstanding any other provision of  
5 law to the contrary and in] In order to facilitate the prompt  
6 implementation of this part, regulations promulgated by the  
7 board [during the two years following the effective date of this  
8 part] shall be deemed temporary regulations which shall expire  
9 no later than three years following the effective date of this  
10 part or upon promulgation of regulations as generally provided  
11 by law. [The temporary regulations shall not be] The board may  
12 promulgate temporary regulations not subject to:

13 (1) Sections 201 [through 205], 202 AND 203 of the act <—  
14 of July 31, 1968 (P.L.769, No.240), referred to as the  
15 Commonwealth Documents Law.

16 (2) The act of June 25, 1982 (P.L.633, No.181), known as  
17 the Regulatory Review Act.

18 (b) Expiration.--The authority provided to the board to  
19 adopt temporary regulations in subsection (a) shall expire [two  
20 years from the effective date of this section] April 15, 2007.  
21 Regulations adopted after [the two-year] this period shall be  
22 promulgated as provided by law.

23 § 1204. Licensed gaming entity application appeals from board.

24 The Supreme Court of Pennsylvania shall be vested with  
25 exclusive appellate jurisdiction to consider appeals of any  
26 final order, determination or decision of the board involving  
27 the approval, issuance, denial or conditioning of [all licensed  
28 entity applications] a slot machine license. Notwithstanding the  
29 provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial  
30 review of Commonwealth agency action) and 42 Pa.C.S. § 763

1 (relating to direct appeals from government agencies), the  
2 Supreme Court shall affirm all final orders, determinations or  
3 decisions of the board involving the approval, issuance, denial  
4 or conditioning of [all licensed entity applications] a slot  
5 machine license unless it shall find that the board committed an  
6 error of law or that the order, determination or decision of the  
7 board was arbitrary and there was a capricious disregard of the  
8 evidence.

9 § 1205. License or permit application hearing process[.];  
10 public input hearings.

11 (a) General rule.--The board's consideration and resolution  
12 of all license or permit applications shall be conducted in  
13 accordance with 2 Pa.C.S. (relating to administrative law and  
14 procedure) or with procedures adopted by order of the board.  
15 Notwithstanding the [mandates] requirements of 2 Pa.C.S. §§ 504  
16 (relating to hearing and record) and 505 (relating to evidence  
17 and cross-examination)[, said procedures adopted by order of the  
18 board shall] as they relate to the conduct of oral hearings, the  
19 board may adopt procedures to provide parties before it with a  
20 documentary hearing, [but] and the board may[, at its  
21 discretion,] resolve disputed material facts without conducting  
22 an oral hearing where constitutionally permissible.

23 (b) Public input hearing requirement.--

24 (1) Prior to licensing a facility under this part, the  
25 board shall hold at least one public input hearing on the  
26 matter.

27 (2) ~~All~~ AT LEAST ONE OF THE public input hearings <—  
28 relating to an application for a slot machine license shall  
29 be held in the municipality where the facility will be  
30 located and shall be organized in cooperation with the



1     municipality.

2             (3) A list of all witnesses scheduled to testify at a  
3     public input hearing shall be made public at least seven days  
4     prior to the hearing. The list shall be updated at least  
5     three days prior to the hearing. Additional witnesses shall  
6     be posted on the board's Internet website as they are added  
7     to the list.

8     § 1206. Board minutes and records.

9     [(a) Open proceedings and records.--The proceedings of the  
10 board shall be conducted in accordance with the provisions of 65  
11 Pa.C.S. Ch. 7 (relating to open meetings). The board shall be an  
12 agency for purposes of the act of June 21, 1957 (P.L.390,  
13 No.212), referred to as the Right-to-Know Law. Notwithstanding  
14 any provision of law to the contrary, confidential documents  
15 relative to personal background information provided to the  
16 board pursuant to this part and any closed deliberations of the  
17 board, including disciplinary proceedings, shall be confidential  
18 and considered in closed executive session pursuant to  
19 subsection (f).]

20     (b) Record of proceedings.--The board shall cause to be made  
21 and kept a record of all proceedings held at public meetings of  
22 the board. [A] The verbatim transcript of those proceedings  
23 shall be the property of the board and shall be prepared by the  
24 board upon the request of any board member or upon the request  
25 of any other person and the payment by that person of the costs  
26 of preparation.

27     [(c) Information delivered to Governor and General  
28 Assembly.--A true copy of the minutes of every meeting of the  
29 board and of any regulations finally adopted by the board may be  
30 forthwith delivered, by and under the certification of the

1 executive director, to the Governor, the Secretary of the Senate  
2 and the Chief Clerk of the House of Representatives.]

3 (d) Applicant information.--

4 (1) The board shall [keep and] maintain a list of all  
5 applicants for licenses and permits. [under this part  
6 together with] The list shall include a record of all actions  
7 taken with respect to [the applicants, which file and record]  
8 each applicant. The list shall be open to public inspection  
9 during the normal business hours of the board.

10 (2) Information under paragraph (1) regarding any  
11 applicant whose license or permit has been denied, revoked or  
12 not renewed shall be removed from such list after seven years  
13 from the date of the action.

14 \* \* \*

15 (f) Confidentiality of information.--All information  
16 [contained in the application process] submitted by an applicant  
17 pursuant to section 1310(a) (relating to slot machine license  
18 application character requirements) [and the report of an  
19 applicant's background investigation furnished to] or obtained  
20 by the board or the bureau as part of a background investigation  
21 from any source shall be considered confidential [and]. Except  
22 as provided in section 1517(f) (relating to investigation and  
23 enforcement), the information shall be withheld from public  
24 disclosure in whole or in part, except that any information  
25 shall be released upon the lawful order of a court of competent  
26 jurisdiction or, with the approval of the Attorney General, to a  
27 duly authorized law enforcement agency or shall be released to  
28 the public, in whole or in part, to the extent that such release  
29 is requested by an applicant and does not otherwise contain  
30 confidential information about another person. The board may not

1 require any applicant to waive any confidentiality provided for  
2 in this subsection as a condition for the approval of a license  
3 or any other action of the board. Any person who violates this  
4 subsection shall be administratively disciplined by discharge,  
5 suspension or other formal disciplinary action as the board  
6 deems appropriate.

7 \* \* \*

8 ~~§ 1207. Regulatory authority of board.~~ <—

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

10 \* \* \*

11 ~~(6) Prescribe criteria and conditions for the operation~~  
12 ~~of slot machine progressive systems. A wide area progressive~~  
13 ~~slot system shall be purchased, leased, operated and~~  
14 ~~administered collectively by participating slot machine~~  
15 ~~licensees in accordance with the terms of a written agreement~~  
16 ~~executed by each participating slot machine licensee and~~  
17 ~~approved by the board. Nothing in this paragraph shall~~  
18 ~~prevent a slot machine licensee participating in an agreement~~  
19 ~~to provide a wide area progressive slot system from~~  
20 ~~delegating, in whole or in part, the operation and~~  
21 ~~administration of the wide area progressive slot system to a~~  
22 ~~person other than a manufacturer or supplier if the~~  
23 ~~delegation is approved by the board.~~

24 \* \* \*

25 § 1208. Collection of fees and fines.

26 The board has the following powers and duties:

27 (1) To levy and collect fees from the various  
28 applicants, licensees and permittees to fund the operations  
29 of the board. The fees shall be deposited into the State  
30 Gaming Fund as established in section 1403 (relating to

1 establishment of State Gaming Fund and net slot machine  
2 revenue distribution) and distributed to the board upon  
3 appropriation by the General Assembly. In addition to the  
4 fees set forth in sections 1209 (relating to slot machine  
5 license fee) and 1305 (relating to Category 3 slot machine  
6 license), the board shall assess and collect fees as follows:

7 (i) Supplier licensees shall pay a fee of \$25,000  
8 upon the issuance of a license and \$10,000 for the annual  
9 renewal of a supplier license.

10 (ii) Manufacturer licensees shall pay a fee of  
11 \$50,000 upon the issuance of a license and \$25,000 for  
12 the annual renewal of a manufacturer license.

13 (iii) Each application for a slot machine license,  
14 supplier license or manufacturer license must be  
15 accompanied by a nonrefundable fee set by the board for  
16 the cost of each individual requiring a background  
17 investigation. The reasonable and necessary costs and  
18 expenses incurred in any background investigation or  
19 other investigation or proceeding concerning any  
20 applicant, licensee [or], permittee or registrant shall  
21 be reimbursed to the board by those persons.

22 \* \* \*

23 § 1209. Slot machine license fee.

24 (a) Imposition.--Except as provided for a Category 3  
25 licensed gaming entity under section 1305 (relating to Category  
26 3 slot machine license) and subject to the requirements of this  
27 section, at the time of license issuance the board shall impose  
28 a one-time slot machine license fee to be paid by each  
29 successful applicant for a conditional Category 1, a Category 1  
30 or a Category 2 license in the amount of \$50,000,000 [for each

1 category of slot machine license.] and deposited in the State <—  
2 ~~Gaming Fund.~~ GAMING FUND. NO FEE SHALL BE IMPOSED BY THE BOARD <—  
3 FOR A CATEGORY 1 LICENSE IF THE APPLICANT HAS PAID A \$50,000,000  
4 FEE FOR A CONDITIONAL CATEGORY 1 LICENSE.

5 \* \* \*

6 ~~§ 1210. Number of slot machines.~~ <—

7 ~~(a) Initial complement. Except as provided for Category 3~~  
8 ~~slot machine licensees under section 1305 (relating to Category~~  
9 ~~3 slot machine license), all slot machine licensees shall be~~  
10 ~~permitted to operate up to 3,000 slot machines at any one~~  
11 ~~licensed facility and shall be required to operate and make~~  
12 ~~available to play a minimum of 1,500 machines at any one~~  
13 ~~licensed facility within one year of the issuance by the board~~  
14 ~~of a slot machine license unless otherwise extended by the~~  
15 ~~board, upon application and for good cause shown, for an~~  
16 ~~additional period not to exceed 24 months.~~

17 ~~(b) Additional slot machines. Except as provided for~~  
18 ~~Category 3 slot machine licensees under section 1305, six months~~  
19 ~~following the date of commencement of slot machine operations,~~  
20 ~~the board may permit a slot machine licensee to install and~~  
21 ~~operate up to 2,000 additional slot machines at its licensed~~  
22 ~~facility, beyond those machines authorized under subsection (a),~~  
23 ~~upon application by the slot machine licensee. The board, in~~  
24 ~~considering such an application, shall take into account the~~  
25 ~~appropriateness of the physical space where the additional slot~~  
26 ~~machines will be located and the convenience of the public~~  
27 ~~attending the facility. The board may also take into account the~~  
28 ~~potential benefit to economic development, employment and~~  
29 ~~tourism, enhanced revenues to the Commonwealth and other~~  
30 ~~economic indicators it deems applicable in making its decision.~~

~~(c) Limitation. For the three years following the beginning of slot machine operations at the licensed facility, no licensed gaming entity may make available for play by its patrons at its licensed facility more than 50% of slot machines from the same manufacturer or its affiliate, intermediary, subsidiary or holding company. The provisions of this subsection shall not apply to machines purchased pursuant to a contract or order executed by a conditional Category 1 or Category 1 slot machine licensee prior to September 1, 2006.~~

§ 1211. Reports of board.

(a) Report of board.--Eighteen months after the effective date of this part and every year on that date thereafter, the board shall issue a report to the Governor and each member of the General Assembly on the general operation of the board and each slot machine licensee's performance, including, but not limited to, number and win per slot machine at licensed facilities during the previous year, all taxes, fees, fines and other revenues collected and, where appropriate, disbursed, the costs of operation of the board, all hearings conducted and the results of the hearings and other information that the board deems necessary and appropriate.

(b) Report of the Legislative Budget and Finance Committee.--No later than March 15 of the year following the effective date of this part and each March 15 thereafter, the Legislative Budget and Finance Committee shall issue a report to the General Assembly analyzing the impact, if any, of this part on the State Lottery.

(c) Interception of gaming winnings.--The board shall conduct a study to determine the feasibility of implementing methods for the interception of the gaming winnings of

1 individuals who are delinquent support obligors or tax  
2 delinquent. The study shall be completed by December 31, 2006,  
3 and shall contain recommendations which the board determines  
4 appropriate.

5 (d) Reports to General Assembly.--The board shall conduct an  
6 ongoing review of the operation of this part and the impact of  
7 gaming in this Commonwealth, including review of other  
8 jurisdictions, Federal laws, academic research and public input.  
9 The board shall submit an annual report to the General Assembly  
10 by December 30. The report shall include recommendations for  
11 changes to this part or in the operation or regulation of  
12 licensed entities. The report shall be submitted to the Majority  
13 and Minority Leader of the Senate and the Majority and Minority  
14 Leader of the House of Representatives and the chair and  
15 minority chair of the standing committees in the Senate and the  
16 chair and minority chair of the standing committees in the House  
17 of Representatives with jurisdiction over the board. The report  
18 shall be posted by the board on its Internet website.

19 § 1213. License or permit prohibition.

20 [No applicant for a license or permit under this part,  
21 including directors, owners and key employees, that has been  
22 convicted in any jurisdiction of a felony or gambling offense  
23 within the past 15 years shall be issued a license or permit  
24 under this part or be found qualified to serve in a position as  
25 a director, owner or key employee of or associated with any  
26 licensee or permittee.] No applicant for a license or permit  
27 under this part, including principals and key employees, who  
28 have been convicted of a felony or gambling offense in any  
29 jurisdiction shall be issued a license or permit unless 15 years  
30 has elapsed from the date of expiration of the sentence for the

offense. When determining whether to issue a license or permit to an applicant who has been convicted in any jurisdiction of a felony or gambling offense, the board shall consider the following factors:

(1) The nature and duties of the ~~applicant's position~~ with the APPLICANT RELATING TO A licensed entity.

(2) The nature and seriousness of the offense or conduct.

(3) The circumstances under which the offense or conduct occurred.

(4) The age of the applicant when the offense or conduct was committed.

(5) Whether the offense or conduct was an isolated or a repeated incident.

(6) Any evidence of rehabilitation, including good conduct in the community, counseling or psychiatric treatment received and the recommendation of persons who have substantial contact with the ~~individual~~ APPLICANT.

§ 1304. Category 2 slot machine license.

(a) Eligibility.--

(1) A person may be eligible to apply for a Category 2 license if the applicant, its affiliate, intermediary, subsidiary or holding company is not otherwise eligible to apply for a Category 1 license and the person is seeking to locate a licensed facility in a city of the first class, a city of the second class or a revenue- or tourism-enhanced location. It shall not be a condition of eligibility to apply for a Category 2 license to obtain a license from either the State Horse Racing Commission or the State Harness Racing Commission to conduct thoroughbred or harness race meetings



1       respectively with pari-mutuel wagering.

2       (2) If the person seeking a slot machine license  
3       proposes to place the licensed facility upon land designated  
4       a subzone, an expansion subzone or an improvement subzone  
5       under the act of October 6, 1998 (P.L.705, No.92), known as  
6       the Keystone Opportunity Zone, Keystone Opportunity Expansion  
7       Zone and Keystone Opportunity Improvement Zone Act, the  
8       person shall, at any time prior to the application being  
9       approved, submit a statement waving the exemptions,  
10       deductions, abatements or credits granted under the Keystone  
11       Opportunity Zone, Keystone Opportunity Expansion Zone and  
12       Keystone Opportunity Improvement Zone Act if the board  
13       approves the application.

14       (b) Location.--

15       (1) Two Category 2 licensed facilities and no more shall  
16       be located by the board within a city of the first class, and  
17       one Category 2 licensed facility and no more shall be located  
18       by the board within a city of the second class. No Category 2  
19       licensed facility located by the board within a city of the  
20       first class shall be within ten linear miles of a Category 1  
21       licensed facility regardless of the municipality where the  
22       Category 1 licensed facility is located. Except for any  
23       Category 2 licensed facility located by the board within a  
24       city of the first class or a city of the second class, no  
25       Category 2 licensed facility shall be located within 30  
26       linear miles of any Category 1 licensed facility that has  
27       conducted over 200 racing days per year for the two calendar  
28       years immediately preceding the effective date of this part  
29       and not within 20 linear miles of any other Category 1  
30       licensed facility. Except for any Category 2 licensed

1 facility located by the board within a city of the first  
2 class, no Category 2 licensed facility shall be located  
3 within 20 linear miles of another Category 2 licensed  
4 facility.

5 (2) Within five days of approving a license for an  
6 applicant with a proposed licensed facility consisting of  
7 land designated a subzone, an expansion subzone or an  
8 improvement subzone under the Keystone Opportunity Zone,  
9 Keystone Opportunity Expansion Zone and Keystone Opportunity  
10 Improvement Zone Act for a slot machine license under this  
11 section, the board shall notify the Department of Community  
12 and Economic Development. The notice shall include a  
13 description of the land of the proposed licensed facility  
14 which is designated a subzone, an expansion subzone or an  
15 improvement subzone. Within five days of receiving the notice  
16 required by this paragraph, the Secretary of Community and  
17 Economic Development shall decertify the land OF THE PROPOSED <—  
18 LICENSED FACILITY as being a subzone, an expansion subzone or  
19 an improvement subzone. Upon decertification in accordance  
20 with this paragraph and notwithstanding Chapter 3 of the  
21 Keystone Opportunity Zone, Keystone Opportunity Expansion  
22 Zone and Keystone Opportunity Improvement Zone Act, a  
23 political subdivision may amend the ordinance, resolution or  
24 other required action which granted the exemptions,  
25 deductions, abatements or credits required by the Keystone  
26 Opportunity Zone, Keystone Opportunity Expansion Zone and  
27 Keystone Opportunity Improvement Zone Act to repeal the  
28 exemptions, deductions, abatements or credits for the land  
29 decertified.

30 § 1305. Category 3 slot machine license.

1 (a) Eligibility.--

2 (1) A person may be eligible to apply for a Category 3  
3 license if the applicant, its affiliate, intermediary,  
4 subsidiary or holding company has not applied for or been  
5 approved or issued a Category 1 or 2 license and the person  
6 is seeking to locate a Category 3 licensed facility in a  
7 well-established resort hotel having no fewer than 275 guest  
8 rooms under common ownership and having substantial year-  
9 round recreational guest amenities. The applicant for a  
10 Category 3 license shall be the owner or be a wholly owned  
11 subsidiary of the owner of the established resort hotel. A  
12 Category 3 license may only be granted upon the express  
13 condition that an individual may not enter a gaming area of  
14 the licensee if the individual is not a registered overnight  
15 guest of the established resort hotel or if the individual is  
16 not a patron of one or more of the amenities provided by the  
17 established resort hotel.

18 (2) Notwithstanding section 1512(a) and (a.1) (relating  
19 to public official financial interest), if at the time of  
20 application, an applicant has terminated public office or  
21 employment as an executive-level public employee within the  
22 last calendar year, the applicant shall be eligible to apply  
23 for a slot machine license under this section but may not be  
24 issued a license until one year following the date of  
25 termination as a public official or executive-level public  
26 employee. An application submitted in accordance with this  
27 paragraph shall not constitute a violation of section 1512(a)  
28 or (a.1).

29 (3) If the person seeking a slot machine license  
30 proposes to place the licensed facility upon land designated

1 a subzone, an expansion subzone or an improvement subzone  
2 under the act of October 6, 1998 (P.L.705, No.92), known as  
3 the Keystone Opportunity Zone, Keystone Opportunity Expansion  
4 Zone and Keystone Opportunity Improvement Zone Act, the  
5 person shall, at any time prior to the application being  
6 approved, submit a statement waiving the exemptions,  
7 deductions, abatements or credits granted under the Keystone  
8 Opportunity Zone, Keystone Opportunity Expansion Zone and  
9 Keystone Opportunity Improvement Zone Act if the board  
10 approves the application.

11 (b) Location.--

12 (1) No Category 3 license shall be located by the board  
13 within 15 linear miles of another licensed facility.

14 (2) Within five days of approving a license for an  
15 applicant with a proposed licensed facility consisting of  
16 land designated a subzone, an expansion subzone or an  
17 improvement subzone under the Keystone Opportunity Zone,  
18 Keystone Opportunity Expansion Zone and Keystone Opportunity  
19 Improvement Zone Act for a slot machine license under this  
20 section, the board shall notify the Department of Community  
21 and Economic Development. The notice shall include a  
22 description of the land of the proposed licensed facility  
23 which is designated a subzone, an expansion subzone or an  
24 improvement subzone. Within five days of receiving the notice  
25 required by this paragraph, the Secretary of Community and  
26 Economic Development shall decertify the land OF THE PROPOSED <—  
27 LICENSED FACILITY as being a subzone, an expansion subzone or  
28 an improvement subzone. Upon decertification in accordance  
29 with this paragraph and notwithstanding Chapter 3 of the  
30 Keystone Opportunity Zone, Keystone Opportunity Expansion

1 Zone and Keystone Opportunity Improvement Zone Act, a  
2 political subdivision may amend the ordinance, resolution or  
3 other required action which granted the exemptions,  
4 deductions, abatements or credits required by the Keystone  
5 Opportunity Zone, Keystone Opportunity Expansion Zone and  
6 Keystone Opportunity Improvement Zone Act to repeal the  
7 exemptions, deductions, abatements or credits for the land  
8 decertified.

9 (c) Number of slot machines.--Notwithstanding the number of  
10 permissible slot machines as set forth in section 1210 (relating  
11 to number of slot machines), a Category 3 license granted under  
12 the provisions of this section shall entitle the licensed entity  
13 to operate no more than 500 slot machines at the licensed  
14 facility.

15 (d) Category 3 license fee.--Notwithstanding the one-time  
16 slot machine license fee as set forth in section 1209 (relating  
17 to slot machine license fee), the board shall impose a one-time  
18 Category 3 license fee to be paid by each successful applicant  
19 in [an] the amount of \$5,000,000 to be deposited in the State  
20 Gaming Fund. The provisions of section 1209 relating to term,  
21 credit against tax for slot machine licensees, deposit of  
22 license fee and change of ownership or control of a license  
23 shall be applicable to a Category 3 license fee.

24 (e) Definitions.--For the purpose of subsection (a), the  
25 following words and phrases shall have the meaning given to them  
26 in this subsection:

27 ["Amenities." Any ancillary activities, services or  
28 facilities in which a registered guest or the transient public,  
29 in return for non-de minimis consideration as defined by board  
30 regulation, may participate at a resort hotel, including, but

1 not limited to, sports and recreational activities and  
2 facilities such as a golf course or golf driving range, tennis  
3 courts or swimming pool; health spa; convention, meeting and  
4 banquet facilities; entertainment facilities; and restaurant  
5 facilities.]

6 "Amenity." An ancillary activity, service or facility in  
7 which a registered guest or the transient public, in return for  
8 non-de minimis consideration as defined by board regulations,  
9 may participate at a resort hotel, including a sports or  
10 recreational activity or facility such as a golf course, golf  
11 driving range, tennis court, swimming pool or health spa;  
12 convention, meeting or banquet facility; entertainment facility  
13 or restaurant facility.

14 "Patron of the amenities." Any individual who is a  
15 registered attendee of a convention, meeting or banquet event or  
16 a participant in a sport or recreational event or any other  
17 social, cultural or business event held at a resort hotel or who  
18 participates in one or more of the amenities provided to  
19 registered guests of the resort hotel.

20 § 1306. Order of initial license issuance.

21 In order to facilitate the timely and orderly deployment of  
22 licensed gaming operations in this Commonwealth, the board shall  
23 adopt a schedule by which applicants for slot machine,  
24 manufacturer and supplier licenses shall be filed, considered  
25 and resolved in accordance with the provisions of this part. In  
26 so doing, the board shall consider, approve, condition or deny  
27 the approval of all filed applications for manufacturer and  
28 supplier licenses as soon as administratively possible and at  
29 least three months prior to the board's approval, conditioning  
30 or denial of the approval of any Category 1 license application

1 pursuant to section 1315 (relating to conditional Category 1  
2 licenses) or any other category of slot machine license pursuant  
3 to section 1301 (relating to authorized slot machine licenses).  
4 The board shall ensure that an adequate number of suppliers have  
5 been licensed pursuant to section 1301 to meet market demand.  
6 The board shall approve, approve with condition or deny all  
7 initial applications for conditional Category 1 licenses under  
8 section 1315 (relating to conditional Category 1 licenses) prior  
9 to considering applications for Category 1, Category 2 or  
10 Category 3 slot machine licenses.

11 § 1307. NUMBER OF SLOT MACHINE LICENSES. <—

12 THE BOARD MAY LICENSE NO MORE THAN SEVEN CATEGORY 1 LICENSED  
13 FACILITIES AND NO MORE THAN FIVE CATEGORY 2 LICENSED FACILITIES,  
14 AS IT MAY DEEM APPROPRIATE, AS LONG AS TWO, AND NOT MORE,  
15 CATEGORY 2 LICENSES ARE LOCATED BY THE BOARD WITHIN THE CITY OF  
16 THE FIRST CLASS AND THAT ONE, AND NOT MORE, CATEGORY 2 LICENSED  
17 FACILITY IS LOCATED BY THE BOARD WITHIN THE CITY OF THE SECOND  
18 CLASS. THE BOARD MAY AT ITS DISCRETION INCREASE THE TOTAL NUMBER  
19 OF CATEGORY 2 LICENSED FACILITIES PERMITTED TO BE LICENSED BY  
20 THE BOARD BY AN AMOUNT NOT TO EXCEED THE TOTAL NUMBER OF  
21 CATEGORY 1 LICENSES NOT APPLIED FOR [WITHIN FIVE YEARS FOLLOWING  
22 THE EFFECTIVE DATE OF THIS PART] BY JULY 3, 2008. EXCEPT AS  
23 PERMITTED BY SECTION 1328 (RELATING TO CHANGE IN OWNERSHIP OR  
24 CONTROL OF SLOT MACHINE LICENSEE), ANY CATEGORY 1 LICENSE MAY BE  
25 REISSUED BY THE BOARD AT ITS DISCRETION AS A CATEGORY 2 LICENSE  
26 IF AN APPLICATION FOR ISSUANCE OF SUCH LICENSE HAS NOT BEEN MADE  
27 TO THE BOARD. THE BOARD MAY LICENSE NO MORE THAN TWO CATEGORY 3  
28 LICENSED FACILITIES.

29 § 1308. APPLICATIONS FOR LICENSE OR PERMIT.

30 (A) APPLICATIONS.--AN APPLICATION FOR A LICENSE OR PERMIT TO

1 BE ISSUED BY THE BOARD SHALL BE SUBMITTED ON A FORM AND IN A  
2 MANNER AS SHALL BE REQUIRED BY THE BOARD. IN REVIEWING  
3 APPLICATIONS, THE BOARD SHALL CONFIRM THAT ALL THE APPLICABLE  
4 LICENSE OR PERMIT FEES HAVE BEEN PAID IN ACCORDANCE WITH THIS  
5 PART.

6 (B) COMPLETENESS OF APPLICATIONS.--THE BOARD SHALL NOT  
7 CONSIDER AN INCOMPLETE APPLICATION AND SHALL NOTIFY THE  
8 APPLICANT IN WRITING IF AN APPLICATION IS INCOMPLETE. AN  
9 APPLICATION SHALL BE CONSIDERED INCOMPLETE IF IT DOES NOT  
10 INCLUDE ALL APPLICABLE FEES AND ALL INFORMATION AND ACCOMPANYING  
11 DOCUMENTATION REQUIRED BY THE BOARD, INCLUDING, BUT NOT LIMITED  
12 TO, A CURRENT TAX LIEN CERTIFICATE ISSUED BY THE DEPARTMENT AT  
13 THE TIME OF FILING THE APPLICATION. ANY UNPAID TAXES IDENTIFIED  
14 ON THE TAX LIEN CERTIFICATE SHALL BE PAID BEFORE THE APPLICATION  
15 IS CONSIDERED COMPLETE. A NOTIFICATION OF INCOMPLETENESS SHALL  
16 STATE THE DEFICIENCIES IN THE APPLICATION THAT MUST BE CORRECTED  
17 PRIOR TO CONSIDERATION OF THE MERITS OF THE APPLICATION.

18 (C) ADVERSE LITIGATION.--NOTWITHSTANDING ANY LAW TO THE  
19 CONTRARY, THE BOARD AND THE COMMISSIONS SHALL NOT CONSIDER ANY  
20 APPLICATION FOR A LICENSE IF THE APPLICANT OR ANY PERSON  
21 AFFILIATED WITH OR DIRECTLY RELATED TO THE APPLICANT IS A PARTY  
22 IN ANY ONGOING CIVIL PROCEEDING IN WHICH THE PARTY IS SEEKING TO  
23 OVERTURN OR OTHERWISE CHALLENGE A DECISION OR ORDER OF THE BOARD  
24 [OR COMMISSIONS] PERTAINING TO THE APPROVAL, DENIAL OR  
25 CONDITIONING OF A LICENSE [TO CONDUCT THOROUGHBRED OR HARNESS  
26 HORSE RACE MEETINGS RESPECTIVELY WITH PARI-MUTUEL WAGERING OR]  
27 TO OPERATE SLOT MACHINES. THIS SUBSECTION SHALL NOT BE  
28 INTERPRETED TO AFFECT THE RIGHTS OF APPLICANTS TO SEEK JUDICIAL  
29 ENFORCEMENT OF MANDATORY OBLIGATIONS OF THE BOARD AS MAY BE  
30 REQUIRED BY THIS PART.



1 § 1309. Slot machine license application.

2 (a) General requirements.--In addition to any other  
3 information required under this part or as may be required by  
4 the board, the application for any category of slot machine  
5 license shall include at a minimum:

6 (1) The name, address[, ] and photograph [and handwriting  
7 exemplar] of the applicant and of all directors and owners  
8 and key employees and their positions within the corporation  
9 or organization, as well as any additional financial  
10 information required by the board.

11 \* \* \*

12 § 1311. [Slot machine license application business entity  
13 requirements.

14 (a) Key employee requirement qualification.--No corporation  
15 or any other legal business entity shall be eligible to hold a  
16 slot machine license unless the following would individually be  
17 qualified for licensure as a key employee: each officer; each  
18 director; each person who directly or indirectly holds any  
19 beneficial interest or ownership of the securities in the  
20 entity; each person who in the opinion of the board has the  
21 ability to control the entity, has a controlling interest or  
22 elects a majority of the board of directors of that corporation  
23 or business entity, other than a banking or other licensed  
24 lending institution which makes a loan or holds a mortgage or  
25 other lien acquired in the ordinary course of business; each key  
26 employee; each lender, other than a banking or other licensed  
27 lending institution which makes a loan or holds a mortgage or  
28 other lien acquired in the ordinary course of business; each  
29 underwriter; each agent; each employee of the corporation or  
30 entity and each other person whom the board may consider

1 appropriate for approval or qualification. The board may waive  
2 compliance with the provisions of this subsection on the part of  
3 a publicly traded corporation as to a person directly or  
4 indirectly holding ownership of securities of such corporation  
5 where the board is satisfied that the security holder is not  
6 significantly involved in the activities of the corporation and  
7 does not have the ability to control the corporation or elect  
8 one or more directors thereof.

9 (b) Slot machine license qualification requirement.--No  
10 corporation or any other legal business entity or other form of  
11 business organization which is a subsidiary shall be eligible to  
12 receive or hold a slot machine license unless each holding and  
13 intermediary company with respect thereto:

14 (1) if it is a corporation or other legal business  
15 entity, shall comply with the provisions of subsection (a) as  
16 if said holding or intermediary company were itself applying  
17 for a slot machine license. The board may waive compliance  
18 with the provisions of subsection (a) on the part of a  
19 publicly traded corporation which is a holding company as to  
20 any officer, director, lender, underwriter, agent or employee  
21 thereof, or person directly or indirectly holding a  
22 beneficial interest or ownership of the securities of such  
23 corporation, where the board is satisfied that such officer,  
24 director, lender, underwriter, agent or employee is not  
25 significantly involved in the activities of the corporate  
26 licensee and in the case of the security holder does not have  
27 the ability to control or possess a controlling interest in  
28 the holding company or elect one or more directors thereof;  
29 or

30 (2) if it is not a corporation, shall comply with the

provisions of subsection (c) as if said company were itself applying for a slot machine license. The board may waive compliance with the provisions of subsection (c) on the part of a noncorporate business organization which is a holding company as to any person who directly or indirectly holds any beneficial interest or ownership in such company when the board is satisfied that such person does not have the ability to control the company.

(c) Noncorporate applicant requirement.--Any noncorporate applicant for a slot machine license shall provide the information required in this section in such form as may be required by the board. No such applicant shall be eligible to hold a slot machine license unless each person who directly or indirectly holds any beneficial interest or ownership in the applicant, or has the ability to control the applicant or whom the board may consider appropriate for approval or qualification, would individually be qualified for approval as a key employee pursuant to the provisions of this part.]

Additional slot machine license requirements.

(a) Additional eligibility requirements.--In order to be eligible for a slot machine license under this part, the principals OF THE APPLICANT SHALL BE LICENSED and key employees of the applicant shall ~~obtain a license~~ BE PERMITTED to meet the character requirements of section 1310 (relating to slot machine license application character requirements) or other eligibility requirements established by the board.

(b) Classification system.--The board shall develop a classification system for other agents, employees or persons who directly or indirectly hold or are deemed to be holding debt or equity securities or other financial interest in the applicant,

1 and other persons which the board considers appropriate for  
2 review under section 1310.

3 (c) Related entities.--

4 (1) Except as provided in paragraph (2), no person shall  
5 be eligible to receive a slot machine license unless the  
6 principals and key employees of each intermediary, subsidiary  
7 or holding company of the person meet the requirements of  
8 subsection (a).

9 (2) The board may require that lenders and underwriters  
10 of intermediaries, subsidiaries or holding companies of a  
11 slot machine license applicant meet the requirements of  
12 subsection (a) if the board determines that the suitability  
13 of a lender or underwriter is at issue and is necessary to  
14 consider a pending application for a slot machine license.

15 (d) Revocable privilege.--The issuance or renewal of a  
16 license, ~~permit or registration~~ OR PERMIT by the board under <—  
17 this section shall be a revocable privilege.

18 (e) Waiver for publicly traded corporations.--The board may  
19 waive the requirements of subsection (a) for a person directly  
20 or indirectly holding ownership of securities in a publicly  
21 traded corporation if the board determines that the holder of  
22 the securities is not significantly involved in the activities  
23 of the corporation and does not have the ability to control the  
24 corporation or elect one or more directors thereof.

25 (f) Waiver for subsidiaries.--If the applicant is a  
26 subsidiary, the board may waive the requirements of subsection  
27 (a) for a holding company or intermediary as follows:

28 (1) If the applicant is a publicly traded corporation,  
29 the board may issue a waiver under this subsection if it  
30 determines that the principal or key employee does not have

1 the ability to control, have a controlling interest in or  
2 elect one or more directors of the holding company or  
3 intermediary and is not actively involved in the activities  
4 of the applicant.

5 (2) If the applicant is a noncorporate organization, the  
6 board may issue a waiver under this subsection for a person  
7 who directly or indirectly holds a beneficial or ownership  
8 interest in the applicant if it determines that the person  
9 does not have the ability to control the applicant.

10 (g) Ongoing duty.--A person applying for a license, permit  
11 or ~~registration~~ OTHER APPROVAL under this part shall have the <—  
12 continuing duty to provide information required by the board or  
13 the bureau and to cooperate in any inquiry or investigation.

14 (h) Criminal history record check.--The board shall conduct  
15 a criminal history record check on any person for whom a waiver  
16 is granted under this section.

17 Section 7. Title 4 is amended by adding sections to read:

18 § 1311.1. Licensing of principals.

19 (a) License required.--All principals shall obtain a  
20 principal license from the board.

21 (b) Application.--A principal license application shall be  
22 in a form prescribed by the board and shall include the  
23 following:

24 (1) Verification of status as a principal from a slot  
25 machine licensee, manufacturer licensee or supplier licensee.

26 (2) A description of responsibilities as a principal.

27 (3) All releases necessary to obtain information from  
28 governmental agencies, employers and other organizations.

29 (4) Fingerprints, which shall be submitted to the  
30 Pennsylvania State Police.

1           (5) A photograph that meets the standards of the  
2           Commonwealth Photo Imaging Network.

3           (6) Details relating to a similar license ~~or permit~~,           <—  
4           PERMIT OR OTHER AUTHORIZATION obtained in another  
5           jurisdiction.

6           (7) Any additional information required by the board.

7           (c) Issuance.--Following review of the application and the  
8           background investigation, the board may issue a principal  
9           license if the applicant has proven by clear and convincing  
10           evidence that the applicant is a person of good character,  
11           honesty and integrity and is eligible and suitable to be  
12           licensed as a principal.

13           (d) Nontransferability.--A license issued under this section  
14           shall be nontransferable.

15           (e) Principals.--An individual who receives a principal  
16           ~~permit~~ LICENSE need not obtain a key employee ~~license~~ PERMIT.           <—  
17           § 1311.2. ~~Licensing~~ PERMITTING of key employees.           <—

18           (a) ~~License~~ PERMIT required.--All key employees shall obtain           <—  
19           a key employee ~~license~~ PERMIT from the board.           <—

20           (b) Application.--A key employee ~~license~~ PERMIT application           <—  
21           shall be in a form prescribed by the board and shall include the  
22           following:

23                   (1) Verification of status as a key employee from a slot  
24                   machine licensee, manufacturer licensee or supplier licensee.

25                   (2) A description of employment responsibilities.

26                   (3) All releases necessary to obtain information from  
27                   governmental agencies, employers and other organizations.

28                   (4) Fingerprints, which shall be submitted to the  
29                   Pennsylvania State Police.

30           (5) A photograph that meets the standards of the

1 Commonwealth Photo Imaging Network.

2 (6) Details relating to a similar license ~~or permit~~ , <—  
3 PERMIT OR OTHER AUTHORIZATION obtained in another  
4 jurisdiction.

5 (7) Any additional information required by the board.

6 (c) Issuance.--Following review of the application and the  
7 background investigation, the board may issue a key employee  
8 ~~license~~ PERMIT if the applicant has proven by clear and <—  
9 convincing evidence that the applicant is a person of good  
10 character, honesty and integrity and is eligible and suitable to  
11 be ~~licensed~~ PERMITTED as a key employee. <—

12 (d) Nontransferability.--A ~~license~~ PERMIT issued under this <—  
13 section shall be nontransferable.

14 Section 7.1. Sections 1313(e) and 1317 of Title 4 are  
15 amended to read:

16 § 1313. Slot machine license application financial fitness  
17 requirements.

18 \* \* \*

19 (e) Applicant's operational viability.--In assessing the  
20 financial viability of the proposed licensed facility, the board  
21 shall make a finding, after review of the application, that the  
22 applicant is likely to maintain a financially successful, viable  
23 and efficient business operation and will likely be able to  
24 maintain A steady level [and] of growth of revenue to the <—  
25 Commonwealth pursuant to section 1403 (relating to establishment  
26 of State Gaming Fund and net slot machine revenue distribution).  
27 Notwithstanding any provision of this part to the contrary, an  
28 applicant that includes a commitment or promise to pay a slot  
29 machine license fee in excess of the amount provided in section  
30 1209 or a distribution of terminal revenue in excess of the

1 amounts provided in sections 1403, 1405 (relating to  
2 Pennsylvania Race Horse Development Fund) and 1407 (relating to  
3 Pennsylvania Gaming Economic Development and Tourism Fund) shall  
4 not be deemed a financially successful, viable or efficient  
5 business operation and shall not be approved for a slot machine  
6 license.

7 \* \* \*

8 § 1317. Supplier [and manufacturer] licenses [application].

9 (a) Application.--[Any] ~~A manufacturer that elects to~~ <—  
10 ~~contract with a supplier under section 1317.1(d.1) (relating to~~  
11 ~~manufacturer licenses) shall ensure that the supplier is~~  
12 ~~licensed under this section.~~ A person seeking to provide slot  
13 machines or associated equipment to a slot machine licensee  
14 within this Commonwealth [or to manufacture slot machines for  
15 use in this Commonwealth] through a contract with a licensed  
16 manufacturer shall apply to the board for [either] a supplier  
17 [or manufacturer] license. [No person, its affiliate,  
18 intermediary, subsidiary or holding company who has applied for  
19 or is a holder of a manufacturer or slot machine license shall  
20 be eligible to apply for or hold a supplier license. A supplier  
21 licensee shall establish a principle place of business in this  
22 Commonwealth within one year of issuance of its supplier license  
23 and maintain such during the period in which the license is  
24 held. No slot machine licensee shall enter into any sale, lease,  
25 contract or any other type of agreement providing slot machines,  
26 progressive slot machines, parts or associated equipment for use  
27 or play with any person other than a supplier licensed pursuant  
28 to this section. Slot monitoring systems, casino management  
29 systems, player tracking systems and wide-area progressive  
30 systems are excluded from any requirements that they be provided



1 through a licensed supplier as set forth in this part.]

2 (b) Requirements.--[The] An application for a supplier [or  
3 manufacturer license shall include, at a minimum:] license shall  
4 be on the form required by the board, accompanied by the  
5 application fee and shall include all of the following:

6 (1) The name and business address of the applicant[,]  
7 and the applicant's affiliates, intermediaries, subsidiaries  
8 and holding companies; the [directors and owners of the  
9 applicant] principals and key employees of each business; and  
10 a list of employees and their positions within [the] each  
11 business, as well as any financial information required by  
12 the board.

13 (1.1) A statement that the applicant and each affiliate,  
14 intermediary, subsidiary or holding company of the applicant  
15 are not slot machine licensees.

16 (1.2) Proof that the applicant has or will establish a  
17 principal place of business in this Commonwealth WITHIN ONE <—  
18 YEAR OF ISSUANCE OF ITS LICENSE. A supplier licensee shall  
19 maintain its principal place of business in this Commonwealth  
20 to remain eligible for licensure.

21 (2) The consent to a background investigation of the  
22 applicant, its [officers, directors, owners,] principals and  
23 key employees or other persons required by the board and a  
24 release to obtain any and all information necessary for the  
25 completion of the background investigation.

26 (3) The details of any equivalent license granted or  
27 denied by other jurisdictions where gaming activities as  
28 authorized by this part are permitted and consent for the  
29 board to acquire copies of applications submitted or licenses  
30 issued in connection therewith.

1           (4) The type of goods and services to be supplied [or  
2       manufactured] and whether those goods and services will be  
3       provided through purchase, lease, contract or otherwise.

4           (5) Any other information determined by the board to be  
5       appropriate.

6       (c) Review and approval.--Upon being satisfied that the  
7 requirements of subsection (b) have been met, the board may  
8 approve the application and ~~grant~~ ISSUE the applicant a supplier <—  
9 license consistent with all of the following:

10           (1) The license shall be for a period of one year. Upon  
11 expiration, the license may be renewed in accordance with  
12 subsection (d).

13           (2) The license shall be nontransferable.

14           (3) Any other condition established by the board.

15       (d) Renewal.--

16           (1) Two months prior to expiration of a supplier  
17 license, the supplier licensee seeking renewal of its license  
18 shall submit a renewal application accompanied by the renewal  
19 fee to the board.

20           (2) If the renewal application satisfies the  
21 requirements of subsection (b), the board may renew the  
22 licensee's supplier license.

23           (3) If the board receives a complete renewal application  
24 but fails to act upon the renewal application prior to the  
25 expiration of the supplier license, the supplier license  
26 shall continue in effect for an additional six-month period  
27 or until acted upon by the board, whichever occurs first.

28       ~~(c) Prohibitions. No limitation shall be placed on the~~ <—

29       (E) PROHIBITIONS.-- <—

30           (1) NO PERSON MAY PROVIDE SLOT MACHINES OR ASSOCIATED

1 EQUIPMENT TO A SLOT MACHINE LICENSEE WITHIN THIS COMMONWEALTH  
2 UNLESS THE PERSON HAS BEEN ISSUED A SUPPLIER OR MANUFACTURER  
3 LICENSE UNDER THIS PART.

4 (2) NO LIMITATION SHALL BE PLACED ON THE number of  
5 supplier licenses issued or the time period to submit  
6 applications for licensure except as required to comply with  
7 section 1306 (relating to order of initial license issuance).

8 ~~(f) Reimbursement fund.~~

<—

9 ~~(1) Each manufacturer shall pay a fee of \$500 for each~~  
10 ~~slot machine manufactured, built, rebuilt, fabricated,~~  
11 ~~assembled, produced, programmed or designed by the~~  
12 ~~manufacturer for use or play in this Commonwealth. The fee~~  
13 ~~shall be collected by the board and transferred to the~~  
14 ~~account established under paragraph (3).~~

15 ~~(2) The board shall develop and adopt regulations to~~  
16 ~~provide for reimbursement to suppliers who received a license~~  
17 ~~prior to the effective date of this subsection if the~~  
18 ~~supplier's contract with a manufacturer was canceled or the~~  
19 ~~supplier was unable to obtain a contract with a manufacturer~~  
20 ~~due to changes adopted pursuant to subsections (a) and (c)~~  
21 ~~between June 1 and the effective date of this subsection.~~  
22 ~~Reimbursement shall only be for filing fees and the actual~~  
23 ~~cost of creating the license application.~~

24 ~~(3) There is hereby established in the State Treasury an~~  
25 ~~account for the fees collected under paragraph (1). Funds~~  
26 ~~remaining in the account following completion of all~~  
27 ~~reimbursements under paragraph (2) shall be deposited into~~  
28 ~~the Compulsive and Problem Gambling Treatment Fund~~  
29 ~~established under section 1509 (relating to compulsive and~~  
30 ~~problem gambling program).~~

Section 7.2. Title 4 is amended by adding a section to read:

§ 1317.1. Manufacturer licenses.

(a) Application.--A person seeking to manufacture, REPAIR  
AND SUPPLY slot machines and associated equipment for use in  
this Commonwealth shall apply to the board for a manufacturer  
license.

(b) Requirements.-- An application for a manufacturer  
license shall be on the form required by the board, accompanied  
by the application fee and shall include all of the following:

(1) The name and business address of the applicant and  
the applicant's affiliates, intermediaries, subsidiaries and  
holding companies; the principals and key employees of each  
business; and a list of employees and their positions within  
each business, as well as any financial information required  
by the board.

(2) A statement that the applicant and each affiliate,  
intermediary, subsidiary or holding company of the applicant  
are not slot machine licensees.

(3) The consent to a background investigation of the  
applicant, its principals and key employees or other persons  
required by the board and a release to obtain any and all  
information necessary for the completion of the background  
investigation.

(4) The details of any equivalent license granted or  
denied by other jurisdictions where gaming activities as  
authorized by this part are permitted and consent for the  
board to acquire copies of applications submitted or licenses  
issued in connection therewith. A manufacturer may contract  
with a supplier under section 1317 (relating to supplier  
license) to provide slot machines or associated equipment to

~~a slot machine licensee within this Commonwealth. A  
manufacturer and a slot machine licensee may agree to allow  
technicians employed by a slot machine licensee to repair  
machines.~~

(5) The type of slot machines or associated equipment to  
be manufactured or repaired.

(6) Any other information determined by the board to be  
appropriate.

(c) Review and approval.--Upon being satisfied that the  
requirements of subsection (b) have been met, the board may  
approve the application and ~~grant~~ ISSUE the applicant a  
manufacturer license consistent with all of the following:

(1) The license shall be for a period of one year. Upon  
expiration, a license may be renewed in accordance with  
subsection (d).

(2) The license shall be nontransferable.

(3) Any other condition established by the board.

(d) Renewal.--

(1) Six months prior to expiration of a manufacturer  
license, the manufacturer licensee seeking renewal of its  
license shall submit a renewal application accompanied by the  
renewal fee to the board.

(2) If the renewal application satisfies the  
requirements of subsection (b), the board may renew the  
licensee's manufacturer license.

(3) If the board receives a complete renewal application  
but fails to act upon the renewal application prior to the  
expiration of the manufacturer license, the manufacturer  
license shall continue in effect for an additional six-month  
period or until acted upon by the board, whichever occurs

1 first.

2 ~~(d.1) Scope. A licensed manufacturer or its designee, as~~ <—  
3 ~~licensed by the board, may repair any slot machine or associated~~  
4 ~~equipment manufactured by the licensed manufacturer. A~~  
5 ~~manufacturer may contract with a supplier under section 1317~~  
6 ~~(relating to supplier licenses) to provide slot machines or~~  
7 ~~associated equipment to a slot machine licensee within this~~  
8 ~~Commonwealth.~~

9 (e) Prohibitions.--

10 (1) No person may manufacture OR REPAIR slot machines or <—  
11 associated equipment for use within this Commonwealth by a  
12 slot machine licensee unless the person has been issued a  
13 manufacturer license under this section OR IS A DESIGNEE OF <—  
14 THE MANUFACTURER UNDER SUBSECTION (F).

15 (2) No slot machine licensee may use slot machines or  
16 associated equipment unless the slot machines or associated  
17 equipment were manufactured OR REPAIRED by a person that has <—  
18 been issued a manufacturer license under this section OR IS A <—  
19 DESIGNEE OF THE MANUFACTURER UNDER SUBSECTION (F).

20 (3) No person issued a license under this section shall  
21 apply for or be issued a license under section 1317 (relating  
22 to supplier licenses).

23 (4) No limitation shall be placed on the number of  
24 manufacturer licenses issued or the time period to submit  
25 applications for licensure, except as required to comply with  
26 section 1306 (relating to order of initial license issuance).

27 (F) LIMITATIONS.-- <—

28 (1) A MANUFACTURER LICENSED UNDER THIS SECTION OR ITS  
29 DESIGNEE MAY REPAIR SLOT MACHINES OR ASSOCIATED EQUIPMENT  
30 MANUFACTURED BY THE MANUFACTURER.

1           (2) A MANUFACTURER AND A SLOT MACHINE LICENSEE MAY AGREE  
2           BY CONTRACT TO ALLOW TECHNICIANS EMPLOYED BY THE SLOT MACHINE  
3           LICENSEE TO REPAIR SLOT MACHINES WHICH ARE MANUFACTURED BY  
4           THE MANUFACTURER AND WHICH ARE LOCATED AT THE SLOT MACHINE  
5           LICENSEE'S LICENSED FACILITY.

6           (3) A MANUFACTURER MAY CONTRACT WITH A PERSON LICENSED  
7           AS A SUPPLIER UNDER SECTION 1317 (RELATING TO SUPPLIER  
8           LICENSEE) TO PROVIDE SLOT MACHINES OR ASSOCIATED EQUIPMENT TO  
9           A SLOT MACHINE LICENSEE LOCATED WITHIN THIS COMMONWEALTH.

10          Section 8. Sections 1318(b)(4) and 1323(a) of Title 4 are  
11 amended to read:

12 § 1318. Occupation permit application.

13           \* \* \*

14          (b) Requirements.--The application for an occupation permit  
15 shall include, at a minimum:

16           \* \* \*

17          (4) A photograph [and handwriting exemplar] of the  
18 person.

19           \* \* \*

20 § 1323. Central control computer system.

21          (a) General rule.--To facilitate the auditing and security  
22 programs critical to the integrity of slot machine gaming in  
23 this Commonwealth, the department shall have overall control of  
24 slot machines, and all slot machine terminals shall be linked,  
25 at an appropriate time to be determined by the department, to a  
26 central control computer under the control of the department and  
27 accessible by the board to provide auditing program capacity and  
28 individual terminal information as approved by the department  
29 and shall include real-time information retrieval and terminal  
30 activation and disabling programs. The central control computer

1 selected and employed by the department shall not unduly limit  
2 or favor the participation of a vendor or manufacturer of a slot  
3 machine as a result of the cost or difficulty of implementing  
4 the necessary program modifications to communicate with and link  
5 to the central control computer. The central control computer  
6 employed by the department shall provide:

7 (1) A fully operational Statewide slot machine control  
8 system that has the capability of supporting up to the  
9 maximum number of slot machines that could be permitted to be  
10 in operation under this part.

11 (2) The employment of a widely accepted gaming industry  
12 protocol to facilitate slot machine manufacturers' ability to  
13 communicate with the Statewide system.

14 (2.1) The delivery of a system that has the ability to  
15 verify software, detect alterations in payout and detect  
16 other methods of fraud in all aspects of the operation of  
17 slot machines.

18 (3) The delivery of a system that has the capability to  
19 support in-house and wide-area progressive slot machines as  
20 approved by the board.

21 (4) The delivery of a system that allows the slot  
22 machine licensee to install independent player tracking  
23 systems and cashless technology as approved by the board.

24 (5) The delivery of a system that does not alter the  
25 statistical awards of slot machine games as designed by the  
26 slot machine manufacturer and approved by the board.

27 (6) The delivery of a system that provides redundancy so  
28 that each component of the network will be capable of  
29 operating independently by the department if any component of  
30 the network, including the central control computer, fails or



1 cannot be operated for any reason as determined by the  
2 department, and to assure that all transactional data is  
3 captured and secured. Costs associated with any computer  
4 system required by the department to operate at a licensed  
5 facility, whether independent or as part of the central  
6 control computer, shall be paid by the slot machine licensee.  
7 The computer system will be controlled by the department and  
8 accessible to the board.

9 (7) The ability to meet all reporting and control  
10 requirements as prescribed by the board and department.

11 (8) Any other capabilities as determined by the  
12 department in consultation with the board.

13 \* \* \*

14 Section 8.1. Section 1325 of Title 4 is amended by adding a  
15 subsection to read:

16 § 1325. License or permit issuance.

17 \* \* \*

18 (d) Trusts and similar business entities.--The board shall  
19 determine the eligibility of a trust or similar business entity  
20 to be a licensed entity in accordance with the following:

21 (1) No trust or similar business entity shall be  
22 eligible to hold any beneficial interest in a licensed entity  
23 under this part unless each trustee, grantor and beneficiary  
24 of the trust, including a minor child beneficiary, qualifies  
25 for and is granted a license as a principal. The board may  
26 waive compliance with this paragraph if the trustee is a  
27 banking or lending institution and the board is satisfied  
28 that the trustee is not significantly involved in the  
29 activities of the licensed entity. In addition to other  
30 information required by the board, a banking or lending

1 institution acting as a trustee shall produce at the request  
2 of the board any documentation or information relating to the  
3 trust.

4 (2) No beneficiary of a trust or similar business entity  
5 who is a minor child shall control or be significantly  
6 involved in the activities of a licensed entity or its  
7 holding company or intermediary. No beneficiary of a trust or  
8 similar business entity who is a minor child shall be  
9 permitted to vote to elect directors of a licensed entity or  
10 its holding company or intermediary.

11 (3) No trust or similar business entity may hold any  
12 beneficial interest in a licensed entity unless the board  
13 determines that the trust or similar business entity is not  
14 engaged in any activity or otherwise being used to evade the  
15 public protections under this part, including sections 1512  
16 (relating to financial and employment interests) and 1513  
17 (relating to political influence).

18 Section 8.2. Sections 1327 and 1402 of Title 4 are amended  
19 to read:

20 § 1327. Nontransferability of licenses.

21 A license or permit issued by the board is a grant of the  
22 privilege to conduct a business in this Commonwealth. Except as  
23 permitted by section 1328 (relating to change in ownership or  
24 control of slot machine licensee), a license or permit granted  
25 or renewed pursuant to this part shall not be sold, transferred  
26 or assigned to any other person[,]; nor shall a licensee or  
27 permittee pledge or otherwise grant a security interest in or  
28 lien on the license or permit. Nothing contained in this part is  
29 intended or shall be construed to create in any person an  
30 entitlement to a license. The board has the sole discretion to

1 issue, renew, condition or deny the issuance of a slot machine  
2 license based upon the purposes and requirements of this part.

3 § 1402. Gross terminal revenue deductions.

4 (a) Deductions.--After determining the appropriate  
5 assessments for each slot machine licensee, the department shall  
6 [deduct the following] determine costs, expenses or payments  
7 from each account established under section 1401 (relating to  
8 slot machine licensee deposits). The following costs and  
9 expenses shall be transferred to the appropriate agency upon  
10 appropriation by the General Assembly:

11 (1) The costs and expenses to be incurred by the  
12 department in administering this part at each slot machine  
13 licensee's licensed facility based upon a budget submitted by  
14 the department to and approved by the board.

15 (2) The other costs and expenses to be incurred by the  
16 department in administering this part based upon a budget  
17 submitted by the department to and approved by the board.

18 (3) Sums necessary to repay any loans made by the  
19 General Fund to the department in connection with carrying  
20 out its responsibilities under this part, including the costs  
21 of the initial acquisition of the central control computer  
22 and any accessories or associated equipment.

23 (4) The costs and expenses to be incurred by the  
24 Pennsylvania State Police and the Office of Attorney General  
25 and not otherwise reimbursed under this part in carrying out  
26 their respective responsibilities under this part based upon  
27 a budget submitted by the Pennsylvania State Police and the  
28 Attorney General to and approved by the board.

29 (5) Sums necessary to repay any loans made by the  
30 General Fund to the Pennsylvania State Police in connection

1 with carrying out its responsibilities under this part.

2 (6) The costs and expenses to be incurred by the board  
3 in carrying out its responsibilities under this part based  
4 upon a budget approved by the board.

5 (7) Sums necessary to repay any loans made by the  
6 General Fund to the board in connection with carrying out its  
7 responsibilities under this part.

8 (b) [Deferral of assessment.--Notwithstanding any other  
9 provision of law to the contrary, the board may defer assessing  
10 slot machine licensees for repayment of loans from the General  
11 Fund under this section until all slot machine licenses have  
12 been issued and all licensed gaming entities have commenced the  
13 operation of slot machines.] (Reserved).

14 ~~Section 8.3. Title 4 is amended by adding a section to read:~~ <—

15 ~~§ 1402.1. Itemized budget reporting.~~

16 ~~The board, department, Pennsylvania State Police and the~~  
17 ~~Attorney General shall prepare and annually submit to the~~  
18 ~~chairman of the Appropriations Committee of the Senate and the~~  
19 ~~chairman of the Appropriations Committee of the House of~~  
20 ~~Representatives an itemized budget consisting of amounts to be~~  
21 ~~appropriated out of the accounts established under section 1401~~  
22 ~~(relating to slot machine licensee deposits) necessary to~~  
23 ~~administer this part.~~

24 Section 9. Section 1403(b), (c)(2)(i)(D) and (E), (ii)(E), <—  
25 (F) AND (G), (iii)(A) and (E), (iv), (VII) and (ix), (3)(i), <—  
26 (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Title 4 are  
27 amended, subsection (c)(2)(iii) is amended by adding a clause,  
28 subsection (c)(3) is amended by adding a subparagraph and the  
29 section is amended by adding a subsection to read:

30 § 1403. Establishment of State Gaming Fund and net slot machine

1 revenue distribution.

2 \* \* \*

3 (b) Slot machine tax.--[The department shall determine and  
4 each slot machine licensee shall pay a daily tax of 34% and a  
5 local share assessment of 4% of its daily gross terminal revenue  
6 from the slot machines in operation at its facility into the  
7 fund.] The department shall determine and each slot machine  
8 licensee shall pay a daily tax of 34% from its daily gross  
9 terminal revenue from the slot machines in operation at its  
10 facility and a local share assessment as provided in subsection  
11 (c) into the fund. All funds owed to the Commonwealth or a  
12 municipality under this section shall be held in trust by the  
13 licensed gaming entity until the funds are paid or transferred  
14 and distributed. Unless otherwise agreed to by the Gaming Board,  
15 a licensed gaming entity shall establish a separate bank account  
16 to maintain gaming proceeds until such time as they are paid or  
17 transferred under this section.

18 (c) Transfers and distributions.--The department shall:

19 \* \* \*

20 (2) From the local share assessment established in  
21 subsection (b), make quarterly distributions among the  
22 counties hosting a licensed facility in accordance with the  
23 following schedule:

24 (i) If the licensed facility is a Category 1  
25 licensed facility that is located at a harness racetrack  
26 and the county, including a home rule county, in which  
27 the licensed facility is located is:

28 \* \* \*

29 (D) (I) A county of the third class: Except as  
30 provided in subclause (II), 2% of the gross

terminal revenue from each such licensed facility shall be deposited into a restricted account established in the Department of Community and Economic Development to be used exclusively for grants for health, safety and economic development projects to municipalities within the county where the licensed facility is located. Municipalities that are contiguous to the municipality hosting such licensed facility shall be given priority by the Department of Community and Economic Development in the award of such grants.

(II) If a licensed facility is located in one of two counties of the third class where a city of the third class is located in both counties of the third class, the county in which the licensed facility is located shall receive 1.2% of the gross terminal revenue to be distributed as follows: 20% to the host city, 30% to the host county and 50% to the host county for the purpose of making municipal grants within the county, with priority given to municipalities contiguous to the host city. The county of the third class, which includes a city of the third class that is located in two counties of the third class and is not the host county for the licensed facility, shall receive .8% of the gross terminal revenue to be distributed as follows: 60% to a nonhost city of the third class located solely in the nonhost county in which the host

1           city of the third class is also located or 60% to  
2           the nonhost city of the third class located both  
3           in the host and nonhost counties of the third  
4           class, 35% to the nonhost county and 5% to the  
5           nonhost county for the purpose of making  
6           municipal grants within the county.

7           (E) A county of the fourth class: 2% of the  
8           gross terminal revenue from each such licensed  
9           facility shall be deposited into a restricted account  
10          established in the Department of Community and  
11          Economic Development to be used exclusively for  
12          grants to the county, to economic development  
13          authorities [or organizations within the county] or  
14          redevelopment authorities within the county for  
15          grants for economic development projects, job  
16          training, community improvement projects, other  
17          projects in the public interest and reasonable  
18          administrative costs. Notwithstanding the provisions  
19          of the act of February 9, 1999 (P.L.1, No.1), known  
20          as the Capital Facilities Debt Enabling Act, grants  
21          made under this clause may be utilized as local  
22          matching funds for other grants or loans from the  
23          Commonwealth.

24                   \* \* \*

25          (ii) If the licensed facility is a Category 1  
26          licensed facility and is located at a thoroughbred  
27          racetrack and the county in which the licensed facility  
28          is located is:

29                   \* \* \*

30          (E) A county of the fourth class: 2% of the

1 gross terminal revenue from each such licensed  
2 facility shall be deposited into a restricted account  
3 established in the Department of Community and  
4 Economic Development to be used exclusively for  
5 grants to the county, to economic development  
6 authorities [or organizations within the county] or  
7 redevelopment authorities within the county for  
8 grants for economic development projects, community  
9 improvement projects, job training, other projects in  
10 the public interest and reasonable administrative  
11 costs. Notwithstanding the Capital Facilities Debt  
12 Enabling Act, grants made under this clause may be  
13 utilized as local matching funds for other grants or  
14 loans from the Commonwealth.

15 [(F) COUNTIES OF THE FIFTH THROUGH EIGHTH <—  
16 CLASSES: 2% OF THE GROSS TERMINAL REVENUE FROM EACH  
17 SUCH LICENSED FACILITY SHALL BE DEPOSITED INTO A  
18 RESTRICTED ACCOUNT ESTABLISHED IN THE DEPARTMENT OF  
19 COMMUNITY AND ECONOMIC DEVELOPMENT TO BE USED  
20 EXCLUSIVELY FOR GRANTS TO THE COUNTY.]

21 (G) ANY COUNTY NOT SPECIFICALLY ENUMERATED IN  
22 CLAUSES (A) THROUGH [(F),] (E), 2% OF THE GROSS  
23 TERMINAL REVENUE TO THE COUNTY HOSTING THE LICENSED  
24 FACILITY FROM EACH SUCH LICENSED FACILITY.

25 \* \* \*

26 (iii) If the facility is a Category 2 licensed  
27 facility and if the county in which the licensed facility  
28 is located is:

29 (A) A county of the first class: 4% of the  
30 gross terminal revenue to the county hosting the



1 licensed facility from each such licensed facility.  
2 Notwithstanding any other provision to the contrary,  
3 funds from licensed gaming entities located within a  
4 county of the first class shall not be distributed  
5 outside of a county of the first class. The first  
6 \$5,000,000 of the total amount distributed annually  
7 to the county of the first class shall be distributed  
8 to the Philadelphia School District.

9 \* \* \*

10 (D.1) If a licensed facility is located in one  
11 of two counties of the third class where a city of  
12 the third class is located in both counties of the  
13 third class, the county in which the licensed  
14 facility is located shall receive 1.2% of the gross  
15 terminal revenue to be distributed as follows: 20%  
16 to the host city, 30% to the host county and 50% to  
17 the host county for the purpose of making municipal  
18 grants within the county, with priority given to  
19 municipalities contiguous to the host city. The  
20 county of the third class, which includes a city of  
21 the third class that is located in two counties of  
22 the third class and is not the host county for the  
23 licensed facility, shall receive .8% of the gross  
24 terminal revenue to be distributed as follows: 60%  
25 to a nonhost city of the third class located solely  
26 in the nonhost county in which the host city of the  
27 third class is also located or 60% to the nonhost  
28 city of the third class located both in the host and  
29 nonhost counties of the third class, 35% to the  
30 nonhost county and 5% to the nonhost county for the

1           purpose of making municipal grants within the county.

2           (E) A county of the fourth class: 2% of the  
3           gross terminal revenue from each such licensed  
4           facility shall be deposited into a restricted account  
5           established in the Department of Community and  
6           Economic Development to be used exclusively for  
7           grants to the county, to economic development  
8           authorities [or organizations within the county] or  
9           redevelopment authorities within the county for  
10          grants for economic development projects, community  
11          improvement projects, job training, other projects in  
12          the public interest and reasonable administrative  
13          costs. Notwithstanding the Capital Facilities Debt  
14          Enabling Act, grants made under this clause may be  
15          utilized as local matching funds for other grants or  
16          loans from the Commonwealth.

17           \* \* \*

18          (iv) If the facility is a Category 3 licensed  
19          facility, ~~[2%]~~ 1% of the gross terminal revenue from each <—  
20          such licensed facility shall be deposited into a  
21          restricted account established in the Department of  
22          Community and Economic Development to be used exclusively  
23          for grants to the county, to economic development  
24          authorities [or organizations within the county] or  
25          redevelopment authorities within the county for grants  
26          for economic development projects and community  
27          improvement projects~~[.]~~; AND 1% SHALL BE USED EXCLUSIVELY <—  
28          FOR GRANTS TO ANY COUNTY OF THE SIXTH CLASS WHICH HAS A  
29          POPULATION OF LESS THAN 41,000 BASED UPON THE 2000 UNITED  
30          STATES DECENNIAL CENSUS AND WHICH SHARES A BOUNDARY AT

1        MORE THAN A SINGLE POINT WITH TWO COUNTIES OF THE FOURTH  
2        CLASS EACH OF WHICH HOSTS A LICENSED FACILITY, TO  
3        ECONOMIC DEVELOPMENT AUTHORITIES OR ORGANIZATIONS WITHIN  
4        ANY SUCH COUNTY OR TO REDEVELOPMENT AUTHORITIES IN ANY  
5        SUCH COUNTY FOR ECONOMIC DEVELOPMENT PROJECTS AND  
6        COMMUNITY IMPROVEMENT PROJECTS OR FOR MUNICIPAL GRANTS  
7        WITHIN SUCH COUNTY. IF NO COUNTY OF THE SIXTH CLASS  
8        SHARES A BOUNDARY WITH TWO COUNTIES OF THE FOURTH CLASS  
9        EACH OF WHICH HOSTS A LICENSED FACILITY, THE LOCAL SHARE  
10       DISTRIBUTION PROVIDED IN THIS SUBPARAGRAPH FOR A SIXTH  
11       CLASS COUNTY SHALL BE USED EXCLUSIVELY FOR ADDITIONAL  
12       GRANTS TO THE HOST COUNTY, TO ECONOMIC DEVELOPMENT  
13       AUTHORITIES OR ORGANIZATIONS WITHIN THE HOST COUNTY OR TO  
14       REDEVELOPMENT AUTHORITIES WITHIN THE HOST COUNTY FOR THE  
15       PURPOSES ENUMERATED IN THIS SUBPARAGRAPH.

16           \* \* \*

17           [(VII) THE DISTRIBUTIONS PROVIDED IN THIS PARAGRAPH  
18        SHALL BE BASED UPON COUNTY CLASSIFICATIONS IN EFFECT ON  
19        THE EFFECTIVE DATE OF THIS SECTION. ANY RECLASSIFICATION  
20        OF COUNTIES AS A RESULT OF A FEDERAL DECENNIAL CENSUS OR  
21        OF A STATE STATUTE SHALL NOT APPLY TO THIS SUBPARAGRAPH.]

22           \* \* \*

23           (ix) Nothing in this paragraph shall prevent any of  
24        the above counties which directly receive a distribution  
25        under this section from entering into intergovernmental  
26        cooperative agreements with other jurisdictions for  
27        sharing this money.

28           (3) From the local share assessment established in  
29        subsection (b), make quarterly distributions among the  
30        municipalities, including home rule municipalities, hosting a

1 licensed facility in accordance with the following schedule:

2 (i) To a city of the second class hosting a licensed  
3 facility [or facilities], other than a Category 3  
4 licensed facility, 2% of the gross terminal revenue or  
5 \$10,000,000 annually, whichever is greater, [of all  
6 licensed facilities] shall be paid by each licensed  
7 GAMING entity operating a facility located in that city. <—

8 In the event that the revenues generated by the 2% do not  
9 meet the \$10,000,000 minimum specified in this  
10 [paragraph, the licensed gaming entity operating the  
11 licensed facility or facilities in the city shall remit  
12 the difference to the municipality.] subparagraph, the  
13 department shall collect the remainder of the minimum  
14 amount of \$10,000,000 from each licensed GAMING entity <—  
15 operating a facility in the city and deposit that amount  
16 in the city treasury.

17 (ii) To a city of the second class A hosting a  
18 licensed facility [or facilities], other than a Category  
19 3 licensed facility, 2% of the gross terminal revenue or  
20 \$10,000,000 annually, whichever is greater, [of all  
21 licensed facilities] shall be paid by each licensed  
22 GAMING entity operating a licensed facility located in <—  
23 that city subject, however, to the budgetary limitation  
24 in this subparagraph. The amount allocated to the  
25 designated municipalities shall not exceed 50% of their  
26 total budget for fiscal year 2003-2004, adjusted for  
27 inflation in subsequent years by an amount not to exceed  
28 an annual cost-of-living adjustment calculated by  
29 applying the percentage change in the Consumer Price  
30 Index [for All Urban Consumers for the Pennsylvania, New

Jersey, Delaware and Maryland area, for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics,] immediately prior to the date the adjustment is due to take effect. Any remaining moneys shall be collected by the department from each licensed facility GAMING ENTITY and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility [or facilities] is located.

In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, [the licensed gaming entity operating the licensed facility or facilities in the city shall remit the difference to the municipality.] the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed GAMING entity operating a facility in the city, pay any balance due to the city and transfer any remainder in accordance with paragraph (2).

(iii) To a city of the third class hosting a licensed facility [or facilities], other than a Category 3 licensed facility, 2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, [of all licensed facilities] shall be paid by each licensed GAMING entity operating a licensed facility located in that city subject, however, to the budgetary limitation in this subparagraph. [However, the foregoing limitations shall not apply, notwithstanding any provision to the contrary, if the licensed facility or facilities have executed a written agreement with the city prior to the effective date of this part to provide additional

compensation to the city in excess of the difference  
between 2% of the gross terminal revenue and  
\$10,000,000.] In the event that the city has a written  
agreement with a licensed ~~facility~~ GAMING ENTITY executed <—  
prior to the effective date of this part, the amount paid  
under the agreement to the city shall be applied and  
credited to the difference between 2% of the gross  
terminal revenue and the \$10,000,000 owed under this  
subparagraph if the 2% of the gross terminal revenue is  
less than \$10,000,000. If 2% of the gross terminal  
revenue is greater than the \$10,000,000 required to be  
paid under this subparagraph, the credit shall not apply.  
The amount of gross terminal revenue required to be paid  
pursuant to the agreement shall be deemed to be gross  
terminal revenue for purposes of this subparagraph. The  
amount allocated to the designated municipalities shall  
not exceed 50% of their total budget for fiscal year  
2003-2004, adjusted for inflation in subsequent years by  
an amount not to exceed an annual cost-of-living  
adjustment calculated by applying the percentage change  
in the Consumer Price Index [for All Urban Consumers for  
the Pennsylvania, New Jersey, Delaware and Maryland area,  
for the most recent 12-month period for which figures  
have been officially reported by the United States  
Department of Labor, Bureau of Labor Statistics,]  
immediately prior to the date the adjustment is due to  
take effect. Any remaining moneys shall be collected by  
the department from each licensed ~~facility~~ GAMING ENTITY <—  
and distributed in accordance with paragraph (2) based  
upon the classification of county where the licensed

1 facility [or facilities] is located. In the event that  
2 the revenues generated by the 2% do not meet the  
3 \$10,000,000 minimum specified in this subparagraph, [the  
4 licensed gaming entity operating the licensed facility or  
5 facilities in the city shall remit the difference to the  
6 municipality.] the department shall collect the remainder  
7 of the minimum amount of \$10,000,000 from each licensed  
8 GAMING entity operating a facility, pay any balance due <—  
9 to the city of the third class and transfer any remainder  
10 in accordance with paragraph (2).

11 (iii.1) If a licensed facility is located in a city  
12 of the third class and the city is located in more than  
13 one county of the third class, 2% of the gross terminal  
14 revenue or \$10,000,000 annually, whichever is greater,  
15 shall be distributed as follows: 80% to the host city and  
16 20% to the city of the third class located solely in a  
17 nonhost county in which the host city of the third class  
18 is also located. If a licensed facility is located in a  
19 city of the third class and that city is located solely  
20 in a host county of the third class in which a nonhost  
21 city of the third class is also located, 2% of gross  
22 terminal revenue or \$10,000,000 annually, whichever is  
23 greater, shall be distributed as follows: 80% to the  
24 host city and 20% to a city of the third class located  
25 both in a nonhost county of the third class and in a host  
26 county of the third class in which the host city of the  
27 third class is located.

28 (iv) To a township of the first class hosting a  
29 licensed facility [or facilities], other than a Category  
30 3 licensed facility, 2% of the gross terminal revenue or

\$10,000,000 annually, whichever is greater, [of all  
licensed facilities] shall be paid by each licensed  
GAMING entity operating a licensed facility located in  
the township subject, however, to the budgetary  
limitation in this subparagraph. The amount allocated to  
the designated municipalities shall not exceed 50% of  
their total budget for fiscal year 2003-2004, adjusted  
for inflation in subsequent years by an amount not to  
exceed an annual cost-of-living adjustment calculated by  
applying the percentage change in the Consumer Price  
Index [for All Urban Consumers for the Pennsylvania, New  
Jersey, Delaware and Maryland area, for the most recent  
12-month period for which figures have been officially  
reported by the United States Department of Labor, Bureau  
of Labor Statistics,] immediately prior to the date the  
adjustment is due to take effect. Any remaining money  
shall be collected by the department from each licensed  
facility GAMING ENTITY and distributed in accordance with  
paragraph (2) based upon the classification of county  
where the licensed facility [or facilities] is located.  
In the event that the revenues generated by the 2% do not  
meet the \$10,000,000 minimum specified in this  
subparagraph, [the licensed gaming entity operating the  
licensed facility or facilities in the township shall  
remit the difference to the municipality.] the department  
shall collect the remainder of the minimum amount of  
\$10,000,000 from each licensed GAMING entity operating a  
licensed facility in the township, pay any balance due to  
the township and transfer any remainder in accordance  
with paragraph (2).

<—

<—

<—



(v) To a township of the second class hosting a licensed facility [or facilities], other than a Category 3 licensed facility, 2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, [of all licensed facilities] shall be paid by each licensed entity operating a licensed GAMING facility located in the township subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index [for All Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area, for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics,] immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed facility GAMING ENTITY and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility [or facilities] is located. Where the licensed facility is other than a Category 3 and is located in more than one second class township the county commissioners of the county of the third class in which the facility is located shall appoint an advisory committee for the purpose of advising the county as to the need for municipal grants for health, safety, transportation and other projects in the public interest

<—

<—

1 to be comprised of two individuals from the host  
2 municipality, two from contiguous municipalities within  
3 the county of the third class and one from the host  
4 county. In the event that the revenues generated by the  
5 2% do not meet the \$10,000,000 minimum specified in this  
6 subparagraph, [the licensed gaming entity operating the  
7 licensed facility or facilities in the township shall  
8 remit the difference to the municipality.] the department  
9 shall collect the remainder of the minimum amount of  
10 \$10,000,000 from each licensed GAMING entity operating a <—  
11 licensed facility in the township, pay any balance due to  
12 the township and transfer any remainder in accordance  
13 with paragraph (2).

14 (vi) To a borough hosting a licensed facility [or  
15 facilities], other than a Category 3 licensed facility,  
16 2% of the gross terminal revenue or \$10,000,000 annually,  
17 whichever is greater, [of all licensed facilities] shall  
18 be paid by each licensed GAMING entity operating a <—  
19 licensed facility located in that borough subject,  
20 however, to the budgetary limitation in this  
21 subparagraph. The amount allocated to the designated  
22 municipalities shall not exceed 50% of their total budget  
23 for fiscal year 2003-2004, adjusted for inflation in  
24 subsequent years by an amount not to exceed an annual  
25 cost-of-living adjustment calculated by applying the  
26 percentage change in the Consumer Price Index [for All  
27 Urban Consumers for the Pennsylvania, New Jersey,  
28 Delaware and Maryland area, for the most recent 12-month  
29 period for which figures have been officially reported by  
30 the United States Department of Labor, Bureau of Labor

1 Statistics,] immediately prior to the date the adjustment  
2 is due to take effect. Any remaining money shall be  
3 collected by the department from each licensed facility <—  
4 GAMING ENTITY and distributed in accordance with <—  
5 paragraph (2) based upon the classification of county  
6 where the licensed facility [or facilities] is located.  
7 In the event that the revenues generated by the 2% do not  
8 meet the \$10,000,000 minimum specified in this  
9 subparagraph, [the licensed gaming entity operating the  
10 licensed facility or facilities in the borough shall  
11 remit the difference to the municipality.] the department  
12 shall collect the remainder of the minimum amount of  
13 \$10,000,000 from each licensed GAMING entity operating a <—  
14 licensed facility in the borough, pay any balance due to  
15 the borough and transfer any remainder in accordance with  
16 paragraph (2).

17 (vii) To an incorporated town hosting a licensed  
18 facility [or facilities], other than a Category 3  
19 licensed facility, 2% of the gross terminal revenue or  
20 \$10,000,000 annually, whichever is greater, [of all  
21 licensed facilities] shall be paid by each licensed  
22 entity operating a licensed facility GAMING ENTITY <—  
23 located in the town subject, however, to the budgetary  
24 limitation in this subparagraph. The amount allocated to  
25 the designated municipalities shall not exceed 50% of  
26 their total budget for fiscal year 2003-2004, adjusted  
27 for inflation in subsequent years by an amount not to  
28 exceed an annual cost-of-living adjustment calculated by  
29 applying the percentage change in the Consumer Price  
30 Index [for All Urban Consumers for the Pennsylvania, New

Jersey, Delaware and Maryland area, for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics,] immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed facility GAMING ENTITY and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility [or facilities] is located. In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, [the licensed gaming entity operating the licensed facility or facilities in the town shall remit the difference to the municipality.] the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed GAMING entity operating a licensed facility in the incorporated town, pay any balance due to the town and transfer any remainder in accordance with paragraph (2).

(viii) To a municipality of any class hosting a Category 3 facility, 2% of the gross terminal revenue from the Category 3 licensed facility located in the municipality, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index [for All Urban Consumers for the Pennsylvania, New

Jersey, Delaware and Maryland area, for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics,] immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed facility GAMING ENTITY and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility [or facilities] is located.

\* \* \*

(d) Consumer Price Index.--For purposes of subsection (c), references to the Consumer Price Index shall mean the Consumer Price Index for All Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area, for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics.

Section 9.1. Sections 1406(a), 1408(A) and 1506 of Title 4 are amended to read:

§ 1406. Distributions from Pennsylvania Race Horse Development Fund.

(a) Distributions.--Funds from the Pennsylvania Race Horse Development Fund shall be distributed to each active and operating Category 1 licensee conducting live racing in the following manner:

(1) An amount equal to 18% of the daily gross terminal revenue of each Category 1 licensee shall be distributed to each active and operating Category 1 licensee conducting live racing unless the daily assessments are affected by the daily assessment cap provided for in section 1405(c) (relating to Pennsylvania Race Horse Development Fund). In cases in which

1 the daily assessment cap affects daily assessments, the  
2 distribution to each active and operating Category 1 licensee  
3 conducting live racing for that day shall be a percentage of  
4 the total daily assessments paid into the Pennsylvania Race  
5 Horse Development Fund for that day equal to the gross  
6 terminal revenue of each active and operating Category 1  
7 licensee conducting live racing for that day divided by the  
8 total gross terminal revenue of all active and operating  
9 Category 1 licensees conducting live racing for that day. The  
10 distributions to licensed racing entities from the  
11 Pennsylvania Race Horse Development Fund shall be allocated  
12 as follows:

13 (i) Eighty percent [to] shall be deposited weekly  
14 into a separate, interest-bearing purse account to be  
15 established by and for the benefit of the horsemen. The  
16 earned interest on the account shall be credited to the  
17 purse account. Licensees shall combine these funds with  
18 revenues from existing purse agreements to fund purses  
19 for live races consistent with those agreements with the  
20 advice and consent of the horsemen.

21 (ii) [From licensees that operate at] For  
22 thoroughbred tracks, 16% [to] shall be deposited on a  
23 monthly basis into the Pennsylvania Breeding Fund as  
24 defined in section 223 of the Race Horse Industry Reform  
25 Act. [From licensees that operate at] For standardbred  
26 tracks, 8% [to] shall be deposited on a monthly basis in  
27 the Pennsylvania Sire Stakes Fund as defined in section  
28 224 of the Race Horse Industry Reform Act and 8% [to]  
29 shall be deposited on a monthly basis into a restricted  
30 account in the State Racing Fund to be known as the

1 Pennsylvania Standardbred Breeders Development Fund. The  
2 State Harness Racing Commission shall, in consultation  
3 with the Secretary of Agriculture by rule or by  
4 regulation, adopt a standardbred breeders program that  
5 will include the administration of Pennsylvania Stallion  
6 Award, Pennsylvania Bred Award and a Pennsylvania Sired  
7 and Bred Award.

8 (iii) Four percent [to] shall be used to fund health  
9 and pension benefits for the members of the horsemen's  
10 organizations representing the owners and trainers at the  
11 racetrack at which the licensed racing entity operates  
12 for the benefit of the organization's members, their  
13 families, employees and others in accordance with the  
14 rules and eligibility requirements of the organization,  
15 as approved by the State Horse Racing Commission or the  
16 State Harness Racing Commission. This amount shall be  
17 deposited within five business days of the end of each  
18 month into a separate account to be established by each  
19 respective horsemen's organization at a banking  
20 institution of its choice. Of this amount, \$250,000 shall  
21 be paid annually by the horsemen's organization to the  
22 thoroughbred jockeys or standardbred drivers organization  
23 at the racetrack at which the licensed racing entity  
24 operates for health insurance, life insurance or other  
25 benefits to active and disabled thoroughbred jockeys or  
26 standardbred drivers in accordance with the rules and  
27 eligibility requirements of that organization.

28 (2) (Reserved).

29 \* \* \*

30 § 1408. TRANSFERS FROM STATE GAMING FUND.

<—

1 (A) TRANSFER FOR COMPULSIVE PROBLEM GAMBLING TREATMENT.--  
2 EACH YEAR, THE SUM OF [\$1,500,000] \$4,000,000 OR AN AMOUNT EQUAL  
3 TO [.001] .003 MULTIPLIED BY THE TOTAL GROSS TERMINAL REVENUE OF  
4 ALL ACTIVE AND OPERATING LICENSED GAMING ENTITIES, WHICHEVER IS  
5 GREATER, SHALL BE TRANSFERRED INTO THE COMPULSIVE AND PROBLEM  
6 GAMBLING TREATMENT FUND ESTABLISHED IN SECTION 1509 (RELATING TO  
7 COMPULSIVE AND PROBLEM GAMBLING PROGRAM).

8 \* \* \*

9 ‡§ 1506. Local land use [preemption].

<—

10 The conduct of gaming IN CITIES OF THE FIRST AND SECOND  
11 CLASS, as permitted under this part, including the physical  
12 location of any licensed facility, shall not be prohibited or  
13 otherwise regulated by any ordinance, home rule charter  
14 provision, resolution, rule or regulation of any political  
15 subdivision or any local or State instrumentality or authority  
16 that relates to zoning or land use to the extent that the  
17 licensed facility has been approved by the board. The board [may  
18 in its discretion consider such local zoning ordinances when  
19 considering an application for a slot machine license.] SHALL  
20 DETERMINE ISSUES INVOLVING ZONING IN ACCORDANCE WITH LOCAL  
21 ZONING ORDINANCES IN EFFECT ON JULY 5, 2004. The board shall  
22 provide [the] ANY AFFECTED political subdivision, within which  
23 an applicant for a slot machine license has proposed to locate a  
24 licensed gaming facility, a 60-day comment period prior to the  
25 board's final approval, condition or denial of approval of its  
26 application for a slot machine license. The political  
27 subdivision may make recommendations to the board for  
28 improvements to the applicant's proposed site plans that take  
29 into account the impact on the local community, including, but  
30 not limited to, land use and transportation impact. [This

<—

<—

<—

<—

<—



1 section shall also apply to any proposed racetrack or licensed  
2 racetrack.]

3 Section 9.2. Title 4 is amended by adding sections A SECTION <—  
4 to read:

5 ~~§ 1506.1. Land use preemption within cities of the first class.~~ <—

6 ~~(a) General rule. Regulation of the zoning, usage, layout,~~  
7 ~~construction and occupancy, including the location, size, bulk~~  
8 ~~and use of buildings of a licensed facility and any accessory~~  
9 ~~gaming uses within a city of the first class is reserved~~  
10 ~~exclusively to the Commonwealth and shall not be prohibited,~~  
11 ~~inspected, licensed or regulated by any ordinance, home rule~~  
12 ~~charter provision, resolution, regulation, enforcement action or~~  
13 ~~other exercise of the police power or other power of a political~~  
14 ~~subdivision or a State or local instrumentality other than the~~  
15 ~~board and the Department of Labor and Industry as set forth~~  
16 ~~herein. The city of the first class shall provide on a~~  
17 ~~nondiscriminatory basis customary municipal services, including~~  
18 ~~police, fire and sanitation, to licensed facilities as are~~  
19 ~~provided to other comparable commercial enterprises.~~

20 ~~(b) Usage and layout. The following use and dimensional~~  
21 ~~standards shall apply to the physical siting and layout of~~  
22 ~~licensed facilities:~~

23 ~~(1) Specific uses permitted at licensed facilities shall~~  
24 ~~be the erection, occupancy, construction, alteration and use~~  
25 ~~of buildings or land for gaming and accessory gaming uses.~~

26 ~~(2) The following shall apply to area regulations:~~

27 ~~(i) Structures, excluding parking areas and garages,~~  
28 ~~located at a licensed facility and associated areas,~~  
29 ~~including those which house accessory gaming uses may~~  
30 ~~occupy up to 80% of the total lot area.~~

~~(ii) Controls shall be established to enhance the utility of public space and adjacent bodies of water as well as the public walkways and rights of way for both public and private access to navigable waters. The following access rules shall apply:~~

~~(A) A public walkway at least 20 feet wide, including public walkways, shall be provided at each licensed facility for use by the general public as well as patrons of the licensed facility for walkway access to and along the bordering body of water. Access shall not require passage through any area restricted to persons under 21 years of age.~~

~~(B) The upkeep and cost of maintenance of the public walkway shall be borne solely by the licensed facility without charge to the public.~~

~~(iii) Each licensed facility, excluding parking areas and garages, shall be allowed a total gross floor area up to six times the total area of the licensed facility, measured in square feet. Total area shall include all land and water areas of the licensed facility up to the pierhead line, as well as any railroad right-of-way area within the confines of the licensed facility. Parking and garage areas shall not be subject to any gross floor area limitation.~~

~~(iv) Landscaped front setbacks shall be required at a minimum width and average of 20 feet.~~

~~(3) The following shall apply to parking and loading:~~

~~(i) The number of off street parking spaces, measuring a minimum of 8.5 feet by 18 feet each, required shall be as follows:~~

~~(A) One space for every two residential or hotel units.~~

~~(B) One space for every 1,000 square feet of building or four spaces for every five slot machines, whichever total number of spaces is greater.~~

~~(ii) The number of off street loading spaces, measuring a minimum of 11 feet wide by 60 feet long by 14 feet clear height, required shall be one space for every 200,000 square feet of building or portion thereof.~~

~~(iii) The number of off street parking disabled accessible spaces, measuring 12 feet by 20 feet each, for persons with disabilities shall be 2% of the number of the general public, 8.5 feet by 18 feet off street parking spaces provided.~~

~~(4) The following shall apply to signage:~~

~~(i) Each licensed facility shall be permitted a total sign area of five square feet for each lineal foot of street line of the licensed facility, including associated areas, and each lineal foot of waterfront line along a navigable waterway of the licensed facility.~~

~~(ii) Signs may be revolving, animated or illuminated. Signs containing flashing or intermittent illumination shall not be erected within 150 feet of a residential zoning district under the present local zoning code.~~

~~(5) Architectural site plans must be submitted to the board for review and approval and determination of compliance with the use, dimensional physical siting and layout standards contained in this subsection. The following shall apply:~~

~~(i) The board shall appoint hearing officers to review, approve or reject the submitted architectural site plans based on the standards set forth in paragraphs (1), (2), (3) and (4) and comments submitted by a city of the first class under subparagraph (ii).~~

~~(ii) A city of the first class may submit written comments on an architectural site plan for consideration by the hearing officer and the board within three weeks of the filing of an architectural site plan under this subsection.~~

~~(iii) Decisions of hearing officers may be appealed to the board within 30 days of date of decision. With respect to any decision made under subparagraph (i), a city of the first class that has submitted written comments may be granted party status in the proceeding. The board may grant a variance in accordance with the standards for granting a variance as provided in subsection (b.1).~~

~~(b.1) Variances. The board shall hear requests for variances where it is alleged that the provisions of the zoning standards of this part inflict unnecessary hardship upon the applicant. The board may grant a variance if all of the following findings are made, as relevant in a particular case:~~

~~(1) That there are unique physical circumstances or conditions, including irregularity, narrowness, or shallowness of lot size or shape, or exceptional topographical or other physical conditions peculiar to the particular property and that the unnecessary hardship is due to such conditions.~~

~~(2) That because of such physical circumstances or~~

1 ~~conditions, there is no possibility that the property can be~~  
2 ~~developed in strict conformity with the provisions of the~~  
3 ~~zoning standards of this part and that the authorization of a~~  
4 ~~variance is therefore necessary to enable the reasonable use~~  
5 ~~of the property.~~

6 ~~(3) That such unnecessary hardship has not been created~~  
7 ~~by the appellant.~~

8 ~~(4) That the variance, if authorized, will represent the~~  
9 ~~minimum variance that will afford relief and will represent~~  
10 ~~the least modification possible of the regulation in issue.~~  
11 ~~In granting any variance, the board may attach such reasonable~~  
12 ~~conditions and safeguards as it may deem necessary to implement~~  
13 ~~the purposes of this part.~~

14 ~~(c) Connections to public water, sewer and utilities. All~~  
15 ~~occupants at each licensed facility located within a city of the~~  
16 ~~first class shall be allowed to connect to and use utilities~~  
17 ~~with no connection or reservation charge, subject to~~  
18 ~~nondiscriminatory charges for actual costs of extending service~~  
19 ~~to the site and to actual usage charges imposed under~~  
20 ~~nondiscriminatory tariffs.~~

21 ~~(d) Construction and occupancy standards. The Department of~~  
22 ~~Labor and Industry shall regulate and enforce the construction~~  
23 ~~and occupancy of licensed facilities within a city of the first~~  
24 ~~class. All licensed facilities shall be subject to the act of~~  
25 ~~November 10, 1999 (P.L.491, No.45), known as the Pennsylvania~~  
26 ~~Construction Code Act. In addition to the powers conveyed to the~~  
27 ~~Department of Labor and Industry under section 2202 of the act~~  
28 ~~of April 9, 1929 (P.L.177, No.175), known as The Administrative~~  
29 ~~Code of 1929, the Department of Labor and Industry shall have~~  
30 ~~all of the following powers and duties:~~

1       ~~(1) To receive and examine plans for all buildings and~~  
2       ~~places of assembly comprising licensed facilities within a~~  
3       ~~city of the first class and to consider, review and approve~~  
4       ~~the plans consistent with the provisions of the Pennsylvania~~  
5       ~~Construction Code Act.~~

6       ~~(2) To receive and check plans for elevator~~  
7       ~~installations for all buildings and places of assembly~~  
8       ~~comprising licensed facilities within a city of the first~~  
9       ~~class and to issue permits for the erection and repair of~~  
10       ~~elevator installations consistent with the provisions of the~~  
11       ~~Pennsylvania Construction Code Act.~~

12       ~~(3) To annually inspect emergency lighting systems,~~  
13       ~~sprinkler systems and fire alarms in all buildings and places~~  
14       ~~of assembly comprising licensed facilities within a city of~~  
15       ~~the first class and to enforce all State laws.~~

16       ~~(4) To maintain plan and specification review and~~  
17       ~~inspection authority of all buildings and places of assembly~~  
18       ~~comprising licensed facilities within a city of the first~~  
19       ~~class. The Department of Labor and Industry shall notify the~~  
20       ~~appropriate department of the city of the first class of all~~  
21       ~~inspections of the buildings and provide the city with the~~  
22       ~~opportunity to observe the inspection of the licensed~~  
23       ~~facilities.~~

24       ~~(5) Within 14 days of receipt, to make available to the~~  
25       ~~appropriate department of the city of the first class, upon~~  
26       ~~request, copies of all building plans and plan review~~  
27       ~~documents in the custody of the Department of Labor and~~  
28       ~~Industry. The city of the first class may submit written~~  
29       ~~comments to the department in reference to the building plans~~  
30       ~~and public safety concerns within 30 days of receipt.~~

~~§ 1506.2. Conveyances in cities of the first class.~~

~~(a) Intention. In order to maximize the policy mandates of this part and to optimize development opportunities within a city of the first class, it is the intention of the General Assembly to facilitate the timely conveyance of riparian rights that the Commonwealth may own to any person approved for a slot machine license by the board for a facility to be located on land contiguous to navigable waterways.~~

~~(b) Authorization and direction. The Department of General Services, with the approval of the Governor, is hereby authorized and directed on behalf of the Commonwealth of Pennsylvania to grant and convey by quitclaim deed for consideration under subsection (c) to each person approved for a slot machine license by the board for a licensed facility that is to be located within a city of the first class and is contiguous to navigable waters, the land further described in subsection (c) and such conveyance shall be deemed as granting the consent of the Commonwealth to the licensee for construction thereon.~~

~~(c) Description. The land to be transferred under subsection (a) shall be all of the Commonwealth's lands between the low water line, or in cities of the first class, the bulkhead line, and the established pierhead line, in a city of the first class, consisting of all the muds and land currently or previously under the navigable waters and lying adjacent to the property owned by a licensee to the west of the bulkhead line, and all riparian rights appertaining thereto.~~

~~(d) Licensee election of granted area. Upon approval of a slot machine license to a grantee, the grantee shall deliver to the Department of General Services a copy of the deed or other~~

~~documentation evidencing its title to the licensed facility and  
a survey and metes and bounds legal description of the land  
described under subsection (c) to be included in its licensed  
facility.~~

~~(c) Consideration. The following shall apply:~~

~~(1) The consideration to be paid to the Commonwealth by  
the grantee for the granted area shall be determined by the  
Department of General Services with the approval of the  
Governor based on an appraisal of fair market value obtained  
from an independent appraiser who is experienced in  
appraising riparian interests and commercial real estate in  
cities of the first class and who is a member of the  
Appraisal Institute or similar professional organization. The  
land described in subsection (c) shall be appraised on an  
"as is" basis, taking into account in the appraisal all of  
the following:~~

~~(i) The absence of the value of the land described  
in subsection (c) to persons other than the adjacent  
upland owner.~~

~~(ii) A credit to be taken against value because of  
the licensed gaming entity providing for public access to  
the water as mandated by this chapter.~~

~~(iii) The limited utility of the land described  
under subsection (c) which is, in fact, not buildable  
land due to its being underwater.~~

~~(iv) The limitation on value imposed by the need and  
uncertainty in obtaining governmental approvals and  
permits to construct any improvements on the land  
described under subsection (c).~~

~~(v) A credit to be taken against value for the cost~~



~~of demolition and removal of extant riparian structures  
such as piers, platforms and pilings and any related  
environmental or other remediation.~~

~~(vi) A credit to be taken against value for the cost  
of infilling and other structural support for  
improvements to the land described in subsection (c),  
including the extension of utilities.~~

~~(vii) Sales prices of fast land behind the bulkhead  
line may not be used as comparables.~~

~~(viii) No increase in the value of the land  
described in subsection (c) shall be made because of the  
approval of the license.~~

~~(2) The consideration established under paragraph (1)  
shall be paid by the grantee, delivering to the Commonwealth  
a note bearing interest of 6% per annum at the time of  
transfer to it by the Commonwealth of the land described in  
subsection (c). The note shall be payable in equal annual  
installments of principal plus accrued interest on the first  
through fifth annual anniversaries of the conveyance of the  
land described under subsection (c).~~

~~(f) Deed. The deeds of conveyance shall be by quitclaim  
deed and shall be executed by the Secretary of General Services  
in the name of the Commonwealth.~~

~~(g) Costs and fees. Costs and fees incidental to each  
conveyance shall be borne by the grantee.~~

#### ~~Section 1506.3. Riparian rights.~~

~~Upon the issuance of a slot machine license under this part  
for a licensed facility that is to be located within a city of  
the first class contiguous to navigable waters of the Delaware  
River, it shall be deemed that the slot machine licensee has~~

~~completely satisfied all State requirements set forth in the act of November 26, 1978 (P.L.1375, No.325), known as the Dam Safety and Encroachments Act, and all regulations applicable to encroachment of the navigable waters by any means in and along submerged lands of the Commonwealth that have been granted for purposes of construction, demolition and erection of structures and foundations associated with a licensed facility. The slot machine licensee shall not be obligated to obtain or maintain a water obstruction and encroachment permit required by State law. The licensed facility, use of the licensed facility and any land and fill on which any portion of the licensed facility is situated and operated shall be deemed:~~

~~(1) not to be derogatory, inimical or injurious to the public interests in the land and waters;~~

~~(2) not to adversely affect navigation; and~~

~~(3) not to significantly impair the public right in lands held in trust by the Commonwealth.~~

~~§ 1506.4~~ 1506.1. Clean indoor air.

<—

~~Licensed facilities shall only be subject to public smoking rules or regulations as may be imposed by the Commonwealth and applied in a comprehensive Statewide manner.~~

Section 10. Sections 1509(a), (b) and (d) and 1512 of Title 4 are amended to read:

§ 1509. Compulsive and problem gambling program.

(a) Establishment of program.--The Department of Health, in consultation with organizations similar to the Mid-Atlantic Addiction Training Institute, shall develop program guidelines for public education, awareness and training regarding compulsive and problem gambling and the treatment and prevention of compulsive and problem gambling. The guidelines shall include

1 strategies for the prevention of compulsive and problem  
2 gambling. The Department of Health may consult with the board  
3 and licensed gaming entities to develop such strategies. The  
4 program shall include:

5 (1) Maintenance of a compulsive gamblers assistance  
6 organization's toll-free problem gambling telephone number to  
7 provide crisis counseling and referral services to families  
8 experiencing difficulty as a result of problem or compulsive  
9 gambling.

10 (2) The promotion of public awareness regarding the  
11 recognition and prevention of problem or compulsive gambling.

12 (3) Facilitation, through in-service training and other  
13 means, of the availability of effective assistance programs  
14 for problem and compulsive gamblers and family members  
15 affected by problem and compulsive gambling.

16 (4) Conducting studies to identify adults and juveniles  
17 in this Commonwealth who are or are at risk of becoming  
18 problem or compulsive gamblers.

19 (5) Providing grants to and contracting with  
20 organizations which provide services as set forth in this  
21 section.

22 (6) Providing reimbursement for organizations for  
23 reasonable expenses in assisting the Department of Health in  
24 carrying out the purposes of this section.

25 (b) Compulsive and Problem Gambling Treatment Fund.--There  
26 is hereby established in the State Treasury a special fund to be  
27 known as the Compulsive and Problem Gambling Treatment Fund. All  
28 moneys in the fund shall be expended for programs for the  
29 prevention and treatment of gambling addiction and other  
30 emotional and behavioral problems associated with or related to

1 gambling addiction and for the administration of the compulsive  
2 and problem gambling program. The fund shall consist of money  
3 annually allocated to it from the annual payment established  
4 under section 1408 (relating to transfers from State Gaming  
5 Fund), money which may be allocated by the board, interest  
6 earnings on moneys in the fund and any other contributions,  
7 payments or deposits which may be made to the fund.

8 \* \* \*

9 (d) Single county authorities.--The Department of Health may  
10 make grants from the fund established under subsection (b) to a  
11 single county authority created pursuant to the act of April 14,  
12 1972 (P.L.221, No.63), known as the Pennsylvania Drug and  
13 Alcohol Abuse Control Act, for the purpose of providing  
14 compulsive gambling and gambling [addition] addiction  
15 prevention, treatment and education programs. It is the  
16 intention of the General Assembly that any grants that the  
17 Department of Health may make to any single county authority in  
18 accordance with the provisions of this subsection be used  
19 exclusively for the development and implementation of compulsive  
20 and problem gambling programs authorized under subsection (a).

21 \* \* \*

22 § 1512. [Public official financial interest.] Financial and  
23 employment interests.

24 [(a) General rule.--Except as may be provided by rule or  
25 order of the Pennsylvania Supreme Court, no executive-level  
26 State employee, public official, party officer or immediate  
27 family member thereof shall have, at or following the effective  
28 date of this part, a financial interest in or be employed,  
29 directly or indirectly, by any licensed racing entity or  
30 licensed gaming entity, or any holding, affiliate, intermediary

1 or subsidiary company, thereof, or any such applicant, nor  
2 solicit or accept, directly or indirectly, any complimentary  
3 service or discount from any licensed racing entity or licensed  
4 gaming entity which he or she knows or has reason to know is  
5 other than a service or discount that is offered to members of  
6 the general public in like circumstances during his or her  
7 status as an executive-level State employee, public official or  
8 party officer and for one year following termination of the  
9 person's status as an executive-level State employee, public  
10 official or party officer.]

11 (a) Financial interests.--Except as may be provided by rule  
12 or order of the Pennsylvania Supreme Court, an executive-level  
13 public employee, public official or party officer, or an  
14 immediate family member thereof, shall not intentionally or  
15 knowingly hold a financial interest in an applicant or a slot  
16 machine licensee, manufacturer licensee, supplier licensee or  
17 licensed racing entity, or in a holding company, affiliate,  
18 intermediary or subsidiary thereof, while the individual is an  
19 executive-level public employee, public official or party  
20 officer and for one year following termination of the  
21 individual's status as an executive-level public employee,  
22 public official or party officer.

23 (a.1) Employment.--Except as may be provided by rule or  
24 order of the Pennsylvania Supreme Court, no executive-level  
25 public employee, public official or party officer, or an  
26 immediate family member thereof, shall be employed by an  
27 applicant or a slot machine licensee, manufacturer licensee,  
28 supplier licensee or licensed racing entity, or by any holding  
29 company, affiliate, intermediary or subsidiary thereof, while  
30 the individual is an executive-level public employee, public

official or party officer and for one year following termination of the individual's status as an executive-level public employee, public official or party officer.

(a.2) Complimentary services.--

(1) No executive-level public employee, public official or party officer, or an immediate family member thereof, shall solicit or accept, any complimentary service from an applicant or a slot machine licensee, manufacturer licensee, supplier licensee or licensed racing entity, or from any affiliate, intermediary, subsidiary or holding company thereof, which the executive-level public employee, public official or party officer, or an immediate family member thereof, knows or has reason to know is other than a service or discount which is offered to members of the general public in like circumstances.

(2) No applicant, slot machine licensee, manufacturer licensee, supplier licensee or licensed racing entity, or any affiliate, intermediary, subsidiary or holding company thereof, shall offer or deliver to an executive-level public employee, public official or party officer, or an immediate family member thereof, any complimentary service from the applicant or slot machine licensee, manufacturer licensee, supplier licensee or licensed racing entity, or an affiliate, intermediary, subsidiary or holding company thereof, that the applicant or slot machine licensee, manufacturer licensee, supplier licensee or licensed racing entity, or any affiliate, intermediary, subsidiary or holding company thereof, knows or has reason to know is other than a service or discount that is offered to members of the general public in like circumstances.

1     (a.3) Grading.--An individual who violates this section  
2     commits a misdemeanor and shall, upon conviction, be sentenced  
3     to pay a fine of not more than \$1,000 or to imprisonment for not  
4     more than one year, or both.

5     (a.4) Divestiture.--An executive-level public employee,  
6     public official or party officer, or an immediate family member  
7     thereof, who holds a financial interest prohibited by this  
8     section shall divest the financial interest within three months  
9     of the effective date of the restrictions set forth in

10    subsection (a), as applicable. Thereafter, any executive-level

11    public employee, public official, party officer or immediate

12    ~~family member shall have 30 days from the date the individual~~ <—

13    ~~knew or had reason to know of the violation or 30 days from the~~

14    FAMILY MEMBER SHALL BE DIVESTED OF THE FINANCIAL INTEREST WITHIN <—

15    30 DAYS OF THE EARLIER OF:

16         (1) THE DATE THE INDIVIDUAL KNEW OR HAD REASON TO KNOW  
17         OF THE VIOLATION; OR

18         (2) THE DATE OF annual publication in the Pennsylvania  
19         Bulletin under § 1202(b)(27) (relating to General and  
20         specific powers ), ~~whichever occurs earlier.~~ <—

21    (a.5) Ethics Commission.--The Ethics Commission shall  
22    publish a list of all State, county, municipal and other  
23    government positions that meet the definitions of "public  
24    official" or "executive-level public employee" under subsection  
25    (b). The Office of Administration shall assist the Ethics  
26    Commission in the development of the list, which shall be  
27    published in the Pennsylvania Bulletin biennially and on the  
28    board's website. Upon request, each public official shall have a  
29    duty to provide the Ethics Commission with adequate information  
30    to accurately develop and maintain the list. The Ethics

1 Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f)  
2 (relating to penalties) upon any public official or executive-  
3 level public employee who fails to cooperate with the Ethics  
4 Commission under this subsection.

5 (b) Definitions.--As used in this section, the following  
6 words and phrases shall have the meanings given to them in this  
7 subsection:

8 "Executive-level [State] public employee." [The Governor,  
9 Lieutenant Governor, cabinet members, deputy secretaries, the  
10 Governor's office executive staff, any State employee with  
11 discretionary powers which may affect the outcome of a State  
12 agency's decision in relation to a private corporation or  
13 business, with respect to any matter covered by this part or any  
14 executive employee who by virtue of his job function could  
15 influence the outcome of such a decision.] The term shall  
16 include the following:

17 (1) Deputy Secretaries of the Commonwealth and the  
18 Governor's office executive staff.

19 (2) Employees of the Executive Branch with discretionary  
20 powers which may affect or influence the outcome of a State  
21 agency's action or decision relating to a matter under this  
22 part. ~~or who has regulatory or law enforcement authority over~~ <—  
23 a licensed entity.

24 (3) An EXECUTIVE-LEVEL employee of a county which <—  
25 received a distribution of money or revenue under ~~this part.~~ <—  
26 SECTION 1403(C)(2) (RELATING TO ESTABLISHMENT OF STATE GAMING <—  
27 FUND AND NET SLOT MACHINE REVENUE DISTRIBUTION).

28 (4) An EXECUTIVE-LEVEL employee of a municipality which <—  
29 received a distribution of money or revenue under ~~this part~~ <—  
30 SECTION 1403(C)(2). <—



1        (5) An employee of a department, agency, board,  
2        commission, authority or other governmental body not included <—  
3        in paragraphs (1), (2), (3) and (4) which directly receives a  
4        distribution of money or revenue under this part.

5        (6) An employee of a department, agency, board,  
6        commission, authority, county, municipality or other <—  
7        governmental body with discretionary power which may affect <—  
8        or influence the outcome of an action or decision relating to  
9        a matter under this part or who WHICH possesses regulatory or <—  
10       law enforcement authority over a licensed entity.

11       (7) ANY OTHER EMPLOYEE OF A COUNTY, MUNICIPALITY, <—  
12       AUTHORITY, COMMISSION OR OTHER LOCAL GOVERNMENTAL ENTITY WITH  
13       DISCRETIONARY POWERS WHICH MAY AFFECT OR INFLUENCE THE  
14       OUTCOME OF AN ACTION OR DECISION RELATING TO A MATTER UNDER  
15       THIS PART.

16       "Financial interest."    Owning or holding, or being deemed to  
17       hold, debt or equity securities [exceeding 1% of the equity or  
18       fair market value of the licensed racing entity or licensed  
19       gaming entity, its holding company, affiliate, intermediary or  
20       subsidiary business.] or other ownership interest or profits  
21       interest. A financial interest shall not include any [such stock  
22       that is held in a blind trust over which the executive-level  
23       State employee, public official, party officer or immediate  
24       family member thereof may not exercise any managerial control or  
25       receive income during the tenure of office and the period under  
26       subsection (a).] debt or equity security, or other ownership  
27       interest or profits interest, which is held or deemed to be held  
28       in any of the following:

29       (1) A blind trust over which the executive-level PUBLIC <—  
30       employee, public official, party officer or immediate family

1 member thereof may not exercise any managerial control or  
2 receive income during the tenure of office and the period  
3 under subsection (a). The provisions of this paragraph shall  
4 apply only to blind trusts established prior to the effective  
5 date of this paragraph.

6 (2) Securities that are held in a pension plan, profit-  
7 sharing plan, individual retirement account, tax sheltered  
8 annuity, a plan established pursuant to section 457 of the  
9 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
10 1 et seq.), or any successor provision, deferred compensation  
11 plan whether qualified or not qualified under the Internal  
12 Revenue Code of 1986, or any successor provision, or other  
13 retirement plan that:

14 (i) is not self-directed by the individual; and

15 (ii) is advised by an independent investment adviser  
16 who has sole authority to make investment decisions with  
17 respect to contributions made by the individual to these  
18 plans.

19 (3) A tuition account plan organized and operated  
20 pursuant to section 529 of the Internal Revenue Code of 1986  
21 (Public Law 99-514, 26 U.S.C. § 529) that is not self-  
22 directed by the individual.

23 (4) A mutual fund where the interest owned by the mutual  
24 fund in a licensed entity does not constitute a controlling  
25 interest as defined in this part.

26 "Immediate family." A [parent,] spouse, minor child or  
27 unemancipated child[, brother or sister].

28 "Law enforcement authority." The term shall include the  
29 authority of a State or local police force, the Attorney General  
30 or a district attorney.

1 "Party officer." A member of a national committee; a  
2 chairman, vice chairman, secretary, treasurer or counsel of a  
3 State committee or member of the executive committee of a State  
4 committee; a county chairman, vice chairman, counsel, secretary  
5 or treasurer of a county committee in which a licensed facility  
6 is located; or a city chairman, vice chairman, counsel,  
7 secretary or treasurer of a city committee of a city in which a  
8 licensed facility is located.

9 ["Public official." Any person elected by the public or  
10 elected or appointed by a governmental body or an appointed  
11 official in the executive, legislative or judicial branch of  
12 this Commonwealth or any political subdivision thereof, provided  
13 that it shall not include members of advisory boards that have  
14 no authority to expend public funds other than reimbursement for  
15 personal expense or to otherwise exercise the power of the  
16 Commonwealth or any political subdivision or commissioner of any  
17 authority or joint-state commission.]

18 "Public official." The term shall include the following:

19 (1) The Governor, Lieutenant Governor, a member of the  
20 Governor's cabinet, Treasurer, Auditor General and Attorney  
21 General of the Commonwealth.

22 (2) A member of the Senate or House of Representatives  
23 of the Commonwealth.

24 (3) An individual elected or appointed to any office of <—  
25 a county that receives a distribution of money or revenue  
26 under this part.

27 (4) An individual elected or appointed to any office of <—  
28 a municipality A GOVERNMENTAL BODY that receives a <—  
29 distribution of money or revenue under this part.

30 (5) An individual elected or appointed to a department,

agency, board, commission, authority or other governmental  
body not included in paragraphs (1), (2), (3) and (4) that  
BODY THAT directly receives a distribution of money or  
revenue under this part.

~~(6) An individual elected or appointed to a department,~~  
~~agency, board, commission, authority, county, municipality or~~  
~~other governmental body with discretionary power which may~~  
~~affect or influence the outcome of an action or decision~~  
~~relating to a matter under this part or who possesses~~  
~~regulatory or law enforcement authority over a licensed~~  
~~entity.~~

The term does not include a member of a school board or an  
individual who held an uncompensated office with a governmental  
body prior to January 1, 2006, and who no longer holds the  
office as of January 1, 2006. The term includes a member of an  
advisory board or commission which makes recommendations  
relating to a licensed facility.

Section 11. Section 1513(a) of Title 4 is amended and the  
section is amended by adding subsections to read:

§ 1513. Political influence.

[(a) Contribution restriction.--An applicant for a slot  
machine license, manufacturer license or supplier license,  
licensed racing entity licensee, licensed manufacturer, licensed  
supplier or licensed gaming entity, or a person that holds a  
similar gaming license or permit or a controlling interest in a  
gaming license or permit in another jurisdiction, or any  
holding, affiliate, intermediary or subsidiary company thereof,  
or any officer, director or key employee of such applicant  
licensed manufacturer or licensed supplier, licensed racing  
entity or licensed gaming entity or any holding, affiliate,

1 intermediary or subsidiary company thereof, shall be prohibited  
2 from contributing any money or in-kind contribution to a  
3 candidate for nomination or election to any public office in  
4 this Commonwealth, or to any political committee or State party  
5 in this Commonwealth or to any group, committee or association  
6 organized in support of any such candidate, political committee  
7 or State party.]

8 (a) Contribution restriction.--The following persons shall  
9 be prohibited from contributing any money or in-kind  
10 contribution to a candidate for nomination or election to any  
11 public office in this Commonwealth, or to any political party  
12 committee or other political committee in this Commonwealth or  
13 to any group, committee or association organized in support of a  
14 candidate, political party committee or other political  
15 committee in this Commonwealth:

16 (1) An applicant FOR A SLOT MACHINE LICENSE, <—  
17 MANUFACTURER LICENSE, SUPPLIER LICENSE, RACING LICENSE,  
18 PRINCIPAL LICENSE OR KEY EMPLOYEE PERMIT.

19 (2) A slot machine licensee, licensed manufacturer,  
20 licensed supplier or licensed racing entity.

21 (3) A ~~principal or~~ LICENSED PRINCIPAL OR PERMITTED key <—  
22 employee of a slot machine licensee, licensed manufacturer,  
23 licensed supplier or licensed racing entity.

24 (4) An affiliate, intermediary, subsidiary or holding  
25 company of a slot machine licensee, licensed manufacturer,  
26 licensed supplier or licensed racing entity.

27 (5) A ~~principal or~~ LICENSED PRINCIPAL OR PERMITTED key <—  
28 employee of an affiliate, intermediary, subsidiary or holding  
29 company of a slot machine licensee, licensed manufacturer,  
30 licensed supplier or licensed racing entity.

1       (6) A person who holds a similar gaming license in  
2       another jurisdiction and the affiliates, intermediaries,  
3       subsidiaries, holding companies, principals or key employees  
4       thereof.

5       (a.1) Contributions to certain associations and  
6       organizations barred.--The individuals prohibited from making  
7       political contributions under subsection (a) shall not make a  
8       political contribution of money or an in-kind contribution to  
9       any association or organization, including a nonprofit  
10       organization, that has been solicited by, or knowing that the  
11       contribution or a portion thereof will be contributed to the  
12       elected official, executive-level public employee or candidate  
13       for nomination or election to a public office in this  
14       Commonwealth.

15       (a.2) Internet website.--

16       (1) The board shall establish an Internet website that  
17       includes a list of all applicants for and holders of a slot  
18       machine license, manufacturer license, supplier license or  
19       racing entity license, and the affiliates, intermediaries,  
20       subsidiaries, holding companies, principals and key employees  
21       thereof, all persons and officers, directors or persons with <—  
22       a controlling interest holding a similar gaming license in  
23       another jurisdiction and the affiliates, intermediaries,  
24       subsidiaries, holding companies, principals and key employees  
25       thereof, and any other entity in which the applicant or  
26       licensee has any debt or equity security or other ownership  
27       or profits interest. An applicant or licensee shall notify  
28       the board within seven days of the discovery of any change in  
29       or addition to the information. The list shall be published  
30       semiannually in the Pennsylvania Bulletin.

1       (2) An individual who acts in good faith and in reliance  
2       on the information on the Internet website shall not be  
3       subject to any penalties or liability imposed for a violation  
4       of this section.

5       (3) The board shall request the information required  
6       under paragraph (1) from persons licensed in another  
7       jurisdiction who do not hold a license in this Commonwealth  
8       and from regulatory agencies in the other jurisdiction. If a  
9       licensee in another jurisdiction refuses to provide the  
10       information required under paragraph (1), the person and its  
11       officers, directors or persons with a controlling interest  
12       shall be ineligible to receive any license under this part.

13       \* \* \*

14       (d) Definitions.--As used in this section, the following  
15       words and phrases shall have the meanings given to them in this  
16       subsection:

17       "Contribution." Any payment, gift, subscription, assessment,  
18       contract, payment for services, dues, loan, forbearance, advance  
19       or deposit of money or any valuable thing, made to a candidate  
20       or political committee for the purpose of influencing any  
21       election TO A PUBLIC OFFICE in this Commonwealth or for paying       <—  
22       debts incurred by or for a candidate or committee before or  
23       after any election. The term shall include the purchase of  
24       tickets for events including dinners, luncheons, rallies and  
25       other fund-raising events; the granting of discounts or rebates  
26       not available to the general public; or the granting of  
27       discounts or rebates by television and radio stations and  
28       newspapers not extended on an equal basis to all candidates for  
29       the same office; and any payments provided for the benefit of  
30       any candidate, including payments for the services of a person

1 serving as an agent of a candidate or committee by a person  
2 other than the candidate or committee or person whose  
3 expenditures the candidate or committee must report. The term  
4 also includes any receipt or use of anything of value received  
5 by a political committee from another political committee and  
6 also includes any return on investments by a political  
7 committee.

8 "Political committee." Any committee, club, association or  
9 other group of persons which receives contributions or makes  
10 expenditures.

11 Section 12. Section 1517(a), (B), (c) and (d) of Title 4 are <—  
12 amended and the section is amended by adding subsections to  
13 read:

14 § 1517. [Enforcement.] Investigations and enforcement.

15 [(a) Powers and duties.--The Bureau of Investigations and  
16 Enforcement shall have the following powers and duties:

17 (1) Promptly investigate all licensees, permittees and  
18 applicants as directed by the board in accordance with the  
19 provisions of section 1202 (relating to general and specific  
20 powers).

21 (2) Enforce the rules and regulations promulgated under  
22 this part.

23 (3) Initiate proceedings for administrative violations  
24 of this part or regulations promulgated under this part.

25 (4) Provide the board with all information necessary for  
26 all action under this part and for all proceedings involving  
27 enforcement of this part or regulations promulgated under  
28 this part.

29 (5) Investigate the circumstances surrounding any act or  
30 transaction for which board approval is required.



1           (6) Conduct administrative inspections on the premises  
2 of a licensed racetrack or nonprimary location or licensed  
3 facility to ensure compliance with this part and the  
4 regulations of the board and, in the course of inspections,  
5 review and make copies of all documents and records that may  
6 be required through onsite observation and other reasonable  
7 means to assure compliance with this part and regulations  
8 promulgated under this part.

9           (7) Receive and take appropriate action on any referral  
10 from the board relating to any evidence of a violation.

11           (8) Conduct audits of slot machine operations at such  
12 times, under such circumstances and to such extent as the  
13 bureau determines. This paragraph includes reviews of  
14 accounting, administrative and financial records and  
15 management control systems, procedures and records utilized  
16 by a slot machine licensee.

17           (9) Request and receive information, materials and other  
18 data from any licensee, permittee or applicant.

19           (10) Refer for investigation all possible criminal  
20 violations to the Pennsylvania State Police and cooperate  
21 fully in the investigation and prosecution of a criminal  
22 violation arising under this part.]

23       (a) Establishment.--There is hereby established within the  
24 board a Bureau of Investigations and Enforcement which shall be  
25 independent of the board in matters relating to the enforcement  
26 of this part. The bureau shall have the powers and duties set  
27 forth in subsection (a.1).

28       (a.1) Powers and duties of bureau.--The Bureau of  
29 Investigations and Enforcement shall have the following powers  
30 and duties:

- (1) Enforce the provisions of this part.
- (2) Investigate and review all applicants and applications for a license, permit or registration.
- (3) Investigate licensees, permittees, registrants and other persons regulated by the board for noncriminal violations of this part, including potential violations referred to the bureau by the board or other person.
- (4) Monitor gaming operations to ensure all of the following:
- (i) Compliance with this part, the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, and the other laws of this Commonwealth.
- (ii) The implementation of adequate security measures by a licensed entity.
- (5) Inspect and examine licensed entities as provided in subsection (e). Inspections may include the review and reproduction of any document or record.
- (6) Conduct audits of a licensed entity as necessary to ensure compliance with this part. An audit may include the review of accounting, administrative and financial records, management control systems, procedures and other records utilized by a licensed entity.
- (7) Refer possible criminal violations to the Pennsylvania State Police. The bureau shall not have the power of arrest.
- (8) Cooperate in the investigation and prosecution of criminal violations related to this part.
- (9) Be a criminal justice agency under 18 Pa.C.S. Ch. 91 (relating to criminal history record information).
- (a.2) Office of Enforcement Counsel.--

1       (1) There is established within the bureau an Office of  
2       Enforcement Counsel which shall act as the prosecutor in all  
3       noncriminal enforcement actions initiated by the bureau under  
4       this part and shall have the following powers and duties:

5           (i) Advise the bureau on all matters, including the  
6           granting of licenses, permits or registrations, the  
7           conduct of background investigations, audits and  
8           inspections and the investigation of potential violations  
9           of this part.

10          (ii) File recommendations and objections relating to  
11          the issuance of licenses, permits and registrations on  
12          behalf of the bureau.

13          (iii) Initiate, in its sole discretion, proceedings  
14          for noncriminal violations of this part by filing a  
15          complaint or other pleading with the board.

16       (2) The director of the Office of Enforcement Counsel  
17       shall report to the executive director of the board on  
18       administrative matters. The director shall be selected by the  
19       board and shall be an attorney admitted to practice before  
20       the Pennsylvania Supreme Court.

21       \* \* \*

22       (B) POWERS AND DUTIES OF DEPARTMENT.--

23           (1) THE DEPARTMENT SHALL AT ALL TIMES HAVE THE POWER OF  
24       ACCESS TO EXAMINATION AND AUDIT OF ANY EQUIPMENT AND RECORDS  
25       RELATING TO ALL ASPECTS OF THE OPERATION OF SLOT MACHINES  
26       UNDER THIS PART.

27           (2) NOTWITHSTANDING THE PROVISIONS OF SECTION 353(F) OF  
28       THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX  
29       REFORM CODE OF 1971, THE DEPARTMENT SHALL SUPPLY THE BOARD,  
30       THE BUREAU, THE PENNSYLVANIA STATE POLICE AND THE OFFICE OF

1 ATTORNEY GENERAL WITH INFORMATION CONCERNING THE STATUS OF  
2 DELINQUENT TAXES OWNED BY THE APPLICANT, LICENSEE OR  
3 PERMITTEE.

4 (3) PREPARE AND SUBMIT ANNUALLY TO THE APPROPRIATIONS  
5 COMMITTEE OF THE SENATE AND THE APPROPRIATIONS COMMITTEE OF  
6 THE HOUSE OF REPRESENTATIVES AN ITEMIZED BUDGET REQUEST  
7 CONSISTING OF THE AMOUNTS NECESSARY TO FUND THE DUTIES OF THE  
8 DEPARTMENT UNDER THIS PART WHICH SHALL BE APPROPRIATED BY THE  
9 GENERAL ASSEMBLY OUT OF THE ACCOUNTS ESTABLISHED UNDER  
10 SECTION 1401 (RELATING TO SLOT MACHINE LICENSEE DEPOSITS).

11 (c) Powers and duties of the Pennsylvania State Police.--The  
12 Pennsylvania State Police shall have the following powers and  
13 duties:

14 (1) Promptly [investigate all licensees, permittees and  
15 applicants] conduct background investigations on persons as  
16 directed by the board in accordance with the provisions of  
17 section 1202 (relating to general and specific powers). The  
18 Pennsylvania State Police may contract with other law  
19 enforcement annuitants to assist in the conduct of  
20 investigations under this paragraph.

21 [(2) Enforce the rules and regulations promulgated under  
22 this part.]

23 (3) Initiate proceedings for [any] criminal violations  
24 of this part [or regulations promulgated under this part].

25 (4) Provide the board with all information necessary for  
26 all actions under this part for all proceedings involving  
27 criminal enforcement of this part [or regulations promulgated  
28 under this part].

29 (5) Inspect, when appropriate, a licensee's or  
30 permittee's person and personal effects present in a licensed

1 facility under this part while that licensee or permittee is  
2 present at a licensed facility.

3 (6) Enforce the criminal provisions of this part and all  
4 other criminal laws of the Commonwealth.

5 (7) Fingerprint applicants for licenses and permits.

6 (8) Exchange fingerprint data with and receive national  
7 criminal history record information from the FBI for use in  
8 investigating applications for any license or permit under  
9 this part.

10 (9) Receive and take appropriate action on any referral  
11 from the board relating to criminal conduct.

12 (10) Require the production of any information, material  
13 and other data from any licensee, permittee, registrant or  
14 applicant.

15 (11) Conduct administrative inspections on the premises  
16 of licensed racetrack or nonprimary location or licensed  
17 facility at such times, under such circumstances and to such  
18 extent as the bureau determines to ensure compliance with  
19 this part and the regulations of the board and, in the course  
20 of inspections, review and make copies of all documents and  
21 records required by the inspection through onsite observation  
22 and other reasonable means to assure compliance with this  
23 part and regulations promulgated under this part.

24 (12) Conduct audits or verification of information of  
25 slot machine operations at such times, under such  
26 circumstances and to such extent as the bureau determines.  
27 This paragraph includes reviews of accounting, administrative  
28 and financial records and management control systems,  
29 procedures and records utilized by a slot machine licensee.

30 (13) A member of the Pennsylvania State Police assigned

1 to duties of enforcement under this part shall not be counted  
2 toward the complement as defined in the act of December 13,  
3 2001 (P.L.903, No.100), entitled "An act repealing in part a  
4 limitation on the complement of the Pennsylvania State  
5 Police."

6 ~~(c.1) Powers and duties of Attorney General. Within the~~ <—  
7 ~~Office of Attorney General, the Attorney General shall establish~~  
8 ~~a gaming unit. The unit shall investigate and institute criminal~~  
9 ~~proceedings as authorized by subsection (d).~~

10 (14) PREPARE AND SUBMIT ANNUALLY TO THE APPROPRIATIONS <—  
11 COMMITTEE OF THE SENATE AND THE APPROPRIATIONS COMMITTEE OF  
12 THE HOUSE OF REPRESENTATIVES AN ITEMIZED BUDGET REQUEST  
13 CONSISTING OF THE AMOUNTS NECESSARY TO FUND THE DUTIES OF THE  
14 PENNSYLVANIA STATE POLICE UNDER THIS PART, WHICH SHALL BE  
15 APPROPRIATED BY THE GENERAL ASSEMBLY OUT OF THE ACCOUNTS  
16 ESTABLISHED IN SECTION 1401.

17 (C.1) POWERS AND DUTIES OF THE ATTORNEY GENERAL.--

18 (1) WITHIN THE OFFICE OF ATTORNEY GENERAL, THE ATTORNEY  
19 GENERAL SHALL ESTABLISH A GAMING UNIT.

20 (2) THE ATTORNEY GENERAL SHALL INVESTIGATE AND INSTITUTE  
21 CRIMINAL PROCEEDINGS AS AUTHORIZED BY SUBSECTION (D).

22 (3) THE ATTORNEY GENERAL SHALL PREPARE AND SUBMIT  
23 ANNUALLY TO THE APPROPRIATIONS COMMITTEE OF THE SENATE AND  
24 THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES  
25 AN ITEMIZED BUDGET REQUEST CONSISTING OF THE AMOUNTS  
26 NECESSARY TO FUND THE DUTIES OF THE ATTORNEY GENERAL UNDER  
27 THIS PART, WHICH SHALL BE APPROPRIATED BY THE GENERAL  
28 ASSEMBLY OUT OF THE ACCOUNTS ESTABLISHED IN SECTION 1401.

29 (C.2) POWERS AND DUTIES OF PENNSYLVANIA LIQUOR CONTROL  
30 BOARD.--THE PENNSYLVANIA LIQUOR CONTROL BOARD SHALL PROMULGATE

1 EMERGENCY REGULATIONS RELATING TO THE SALE AND SERVICE OF LIQUOR  
2 AND MALT AND BREWED BEVERAGES BY SLOT MACHINE LICENSEES UNDER  
3 THIS PART. THE BOARD SHALL PROVIDE COMMENTS TO THE PENNSYLVANIA  
4 LIQUOR CONTROL BOARD REGARDING THE REGULATIONS WITHIN 30 DAYS OF  
5 THE EFFECTIVE DATE OF THIS SECTION. REGULATIONS PROMULGATED  
6 UNDER THIS SECTION SHALL EXPIRE DECEMBER 31, 2007.

7 (d) Criminal action.--

8 (1) The district attorneys of the several counties shall  
9 have authority to investigate and to institute criminal  
10 proceedings for [any] a violation of this part.

11 (2) In addition to the authority conferred upon the  
12 Attorney General [by] under the act of October 15, 1980  
13 (P.L.950, No.164), known as the Commonwealth Attorneys Act,  
14 the Attorney General shall have the authority to investigate  
15 and, following consultation with the appropriate district  
16 attorney, to institute criminal proceedings for [any] a  
17 violation of this part, [or any series of such violations  
18 involving any county of this Commonwealth and another state.  
19 No] A person charged with a violation of this part by the  
20 Attorney General shall not have standing to challenge the  
21 authority of the Attorney General to investigate or prosecute  
22 the case, and, if any such challenge is made, the challenge  
23 shall be dismissed and no relief shall be available in the  
24 courts of this Commonwealth to the person making the  
25 challenge.

26 (d.1) Regulatory action.--Nothing contained in subsection  
27 (d) shall be construed to limit the existing regulatory or  
28 investigative authority of an agency or the Commonwealth whose  
29 functions relate to persons or matters within the scope of this  
30 part.

1       \* \* \*

2       Section 13. Title 4 is amended by adding sections to read:

3   § 1517.1. (Reserved).

4   § 1517.2. Conduct of public officials and employees.

5       (a) Ex parte discussion prohibited.--An attorney  
6 representing the bureau or the Office of Enforcement Counsel, or  
7 an employee of the bureau or office involved in the hearing  
8 process, shall not discuss the case ex parte with a hearing  
9 officer, chief counsel or member.

10      (b) Other prohibitions.--A hearing officer, the chief  
11 counsel or a member shall not discuss or exercise any  
12 supervisory responsibility over any employee with respect to an  
13 enforcement hearing with which the employee is involved.

14      (c) Disqualification.--If it becomes necessary for the chief  
15 counsel or member to become involved on behalf of the board in  
16 any enforcement proceeding, the chief counsel or member shall be  
17 prohibited from participating in the adjudication of that matter  
18 and shall designate appropriate individuals to exercise  
19 adjudicatory functions.

20      Section 14. Section 1518 of Title 4 is amended to read:

21   § 1518. Prohibited acts; penalties.

22      (a) Criminal offenses.--

23          (1) The provisions of 18 Pa.C.S. § 4902 (relating to  
24 perjury), 4903 (relating to false swearing) or 4904 (relating  
25 to unsworn falsification to authorities) shall apply to any  
26 person providing information or making any statement, whether  
27 written or oral, to the board, the bureau, the department,  
28 the Pennsylvania State Police or the Office of Attorney  
29 General, as required by this part.

30          (2) It [is] shall be unlawful for a person to willfully:



1           (i) fail to report, pay or truthfully account for  
2           and pay over any license fee, tax or assessment imposed  
3           under this part; or

4           (ii) attempt in any manner to evade or defeat any  
5           license fee, tax or assessment imposed under this [party]  
6           part.

7           (3) It [is] shall be unlawful for any licensed entity,  
8           gaming employee, key employee or any other person to permit a  
9           slot machine to be operated, transported, repaired or opened  
10          on the premises of a licensed facility by a person other than  
11          a person licensed or permitted by the board pursuant to this  
12          part.

13          (4) It [is] shall be unlawful for any licensed entity or  
14          other person to manufacture, supply or place slot machines  
15          into play or display slot machines on the premise of a  
16          licensed facility without the authority of the board.

17          (5) Except as provided for in section 1326 (relating to  
18          license renewals), it [is] shall be unlawful for a licensed  
19          entity or other person to manufacture, supply, operate, carry  
20          on or expose for play any slot machine after the person's  
21          license has expired and prior to the actual renewal of the  
22          license.

23          (6) (i) Except as set forth in subparagraph (ii), it  
24          [is] shall be unlawful for an individual while on the  
25          premises of a licensed facility to knowingly use currency  
26          other than lawful coin or legal tender of the United  
27          States or a coin not of the same denomination as the coin  
28          intended to be used in the slot machine[.] with the  
29          intent to cheat or defraud a licensed gaming entity or  
30          the Commonwealth or damage the slot machine.

1           (ii) In the playing of a slot machine, it [is] shall  
2 be lawful for an individual to use gaming billets, tokens  
3 or similar objects issued by the licensed gaming entity  
4 which are approved by the board.

5           (7) (i) Except as set forth in subparagraph (ii), it  
6 [is] shall be unlawful for an individual [on the premises  
7 of a licensed facility] to use or possess a cheating or  
8 thieving device, counterfeit or altered billet, ticket,  
9 token or similar objects accepted by a slot machine or  
10 counterfeit or altered slot machine-issued tickets or  
11 vouchers at a licensed facility.

12           (ii) An authorized employee of a licensee or an  
13 employee of the board may possess and use a cheating or  
14 thieving device, counterfeit or altered billet, ticket,  
15 token or similar objects accepted by a slot machine or  
16 counterfeit or altered slot machine-issued tickets or  
17 vouchers [only] in performance of the duties of  
18 employment.

19           (iii) As used in this paragraph, the term "cheating  
20 or thieving device" includes, but is not limited to, a  
21 device to facilitate the alignment of any winning  
22 combination or to remove from any slot machine money or  
23 other contents. The term includes, but is not limited to,  
24 a tool, drill, wire, coin or token attached to a string  
25 or wire and any electronic or magnetic device.

26           (8) (i) Except as set forth in subparagraph (ii), it  
27 [is] shall be unlawful for an individual to knowingly  
28 possess or use while on the premises of a licensed  
29 facility a key or device designed for the purpose of and  
30 suitable for opening or entering any slot machine or coin

1        box which is located on the premises of the licensed  
2        facility.

3            (ii) An authorized employee of a licensee or a  
4        member of the board may possess and use a device referred  
5        to in subparagraph (i) [only] in the performance of the  
6        duties of employment.

7            (9) It [is] shall be unlawful for a person or licensed  
8        entity to possess any device, equipment or material which the  
9        person or licensed entity knows has been manufactured,  
10       distributed, sold, tampered with or serviced in violation of  
11       the provisions of this part[.] with the intent to use the  
12       device, equipment or material as though it had been  
13       manufactured, distributed, sold, tampered with or serviced  
14       pursuant to this part.

15           (9.1) It shall be unlawful for a person to sell, offer  
16       for sale, represent or pass off as lawful any device,  
17       equipment or material which the person or licensed entity  
18       knows has been manufactured, distributed, sold, tampered with  
19       or serviced in violation of this part.

20           (10) It [is] shall be unlawful for an individual to work  
21       or be employed in a position the duties of which would  
22       require licensing or permitting under the provisions of this  
23       part without first obtaining the requisite license or permit  
24       [as provided for in] issued under the provisions of this  
25       part.

26           (11) It [is] shall be unlawful for a licensed gaming  
27       entity that is a licensed racing entity and that has lost the  
28       license issued to it by either the State Horse Racing  
29       Commission or the State Harness Racing Commission under the  
30       Race Horse Industry Reform Act or that has had that license

1 suspended to operate slot machines at the racetrack for which  
2 its slot machine license was issued unless the license issued  
3 to it by either the State Horse Racing Commission or the  
4 State Harness Racing Commission will be subsequently reissued  
5 or reinstated within 30 days after the loss or suspension.

6 (12) It [is] shall be unlawful for a licensed entity to  
7 employ or continue to employ an individual in a position the  
8 duties of which require a license or permit under the  
9 provisions of this part if the individual:

10 (i) [An individual] Is not licensed or permitted  
11 under the provisions of this part.

12 (ii) [An individual who is] Is prohibited from  
13 accepting employment from a licensee.

14 (13) It [is] shall be unlawful for any person under 18  
15 years of age to be permitted in the area of a licensed  
16 facility where slot machines are operated.

17 (b) Criminal penalties and fines.--

18 (1) (i) A person [that violates subsection (a)(1)  
19 commits an offense to be graded in accordance with 18  
20 Pa.C.S. § 4902, 4903 or 4904, as applicable, for a first  
21 conviction.] who commits a first offense in violation of  
22 18 Pa.C.S § 4902, 4903 or 4904 in connection with  
23 providing information or making any statement, whether  
24 written or oral, to the board, the bureau, the  
25 department, the Pennsylvania State Police ~~or~~, the Office <—  
26 of Attorney General OR A DISTRICT ATTORNEY as required by <—  
27 this part commits an offense to be graded in accordance  
28 with the applicable section violated. A person that is  
29 convicted of a second or subsequent violation of  
30 [subsection (a)(1)] 18 Pa.C.S. § 4902, 4903 or 4904 in

1 connection with providing information or making any  
2 statement, whether written or oral, to the board, the  
3 bureau, the department, the Pennsylvania State Police or, <—  
4 the Office of Attorney General OR A DISTRICT ATTORNEY as <—  
5 required by this part commits a felony of the second  
6 degree.

7 (ii) A person that violates subsection (a)(2)  
8 through (12) commits a misdemeanor of the first degree. A  
9 person that is convicted of a second or subsequent  
10 violation of subsection (a)(2) through (12) commits a  
11 felony of the second degree.

12 (2) (i) For a first violation of subsection (a)(1)  
13 through (12), a person shall be sentenced to pay a fine  
14 of:

15 (A) not less than \$75,000 nor more than \$150,000  
16 if the person is an individual;

17 (B) not less than \$300,000 nor more than  
18 \$600,000 if the person is a licensed gaming entity;  
19 or

20 (C) not less than \$150,000 nor more than  
21 \$300,000 if the person is a licensed manufacturer or  
22 supplier.

23 (ii) For a second or subsequent violation of  
24 subsection (a)(1) through (12), a person shall be  
25 sentenced to pay a fine of:

26 (A) not less than \$150,000 nor more than  
27 \$300,000 if the person is an individual;

28 (B) not less than \$600,000 nor more than  
29 \$1,200,000 if the person is a licensed gaming entity;  
30 or

(C) not less than \$300,000 nor more than \$600,000 if the person is a licensed manufacturer or supplier.

(c) Board-imposed administrative sanctions.--

(1) In addition to any other penalty authorized by law, the board may impose without limitation the following sanctions upon any licensee or permittee:

(i) Revoke the license or permit of any person convicted of a criminal offense under this part or regulations promulgated under this part or committing any other offense or violation of this part or applicable law which would otherwise disqualify such person from holding the license or permit.

(ii) Revoke the license or permit of any person determined to have violated a provision of this part or regulations promulgated under this part which would otherwise disqualify such person from holding the license or permit.

(iii) Revoke the license or permit of any person for willfully and knowingly violating or attempting to violate an order of the board directed to such person.

(iv) Suspend the license or permit of any person pending the outcome of a hearing in any case in which license or permit revocation could result.

(v) Suspend the license of any licensed gaming entity for violation of or attempting to violate any provisions of this part or regulations promulgated under this part relating to its slot machine operations.

(vi) Assess administrative penalties as necessary to punish misconduct and to deter future violations.

(vii) Order restitution of any moneys or property unlawfully obtained or retained by a licensee or permittee.

(viii) Enter cease and desist orders which specify the conduct which is to be discontinued, altered or implemented by the licensee or permittee.

(ix) Issue letters of reprimand or censure, which letters shall be made a permanent part of the file of each licensee or permittee so sanctioned.

(2) If the board refuses to issue or renew a license or permit, suspends or revokes a license or permit, assesses civil penalties, orders restitution, enters a cease and desist order or issues a letter of reprimand or censure, it shall provide the applicant or licensee or permittee with written notification of its decision, including a statement of the reasons for its decision by certified mail within five business days of the decision[. Any applicant or licensee or permittee who has received notice of a refusal, suspension or revocation of a license or permit, the assessment of civil penalties, an order of restitution, the entrance of a cease and desist order or the issuance of a letter of reprimand or censure from] of the board. The applicant, licensee or permittee shall have the right to [an administrative hearing before the board] appeal the decision in accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

(3) In addition to any other fines or penalties that the board may impose under this part or regulation, if a person violates subsection (a)(2), the board shall impose an

1 administrative penalty of three times the amount of the  
2 license fee, tax or other assessment evaded and not paid,  
3 collected or paid over. This subsection is subject to 2  
4 Pa.C.S. Chs. 5 Subch. A and 7 Subch. A.

5 Section 15. Title 4 is amended by adding sections to read:

6 § 1519. [(Reserved).] Detention.

7 A peace officer, licensee or licensee's security employee or  
8 an agent under contract with the licensee who has probable cause  
9 to believe that criminal violation of this part has occurred or  
10 is occurring on or about a licensed facility and who has  
11 probable cause to believe that a specific individual has  
12 committed or is committing the criminal violation may detain the  
13 suspect in a reasonable manner for a reasonable time on the  
14 premises of the licensed facility for all or any of the  
15 following purposes: to require the suspect to identify himself;  
16 to verify such identification; or to inform a peace officer.  
17 Such detention shall not impose civil or criminal liability upon  
18 the peace officer, licensee, licensee's employee or agent so  
19 detaining.

20 § 1522. Interception of oral communications.

21 The interception and recording of oral communications made in  
22 a counting room of a licensed facility by a licensee shall not  
23 be subject to the provisions of 18 Pa.C.S. Ch. 57 (relating to  
24 wiretapping and electronic surveillance). Notice that oral  
25 communications are being intercepted and recorded shall be  
26 posted conspicuously in the counting room.

27 Section 16. Sections 1801 and 1802 of Title 4 are amended to  
28 read:

29 § 1801. Duty to provide.

30 Notwithstanding the provisions of the Race Horse Industry



1 Reform Act or this part, the Pennsylvania State Police shall, at  
2 the request of the commissions or the board, provide criminal  
3 history background investigations, which shall include records  
4 of criminal arrests [or] and convictions, no matter where  
5 occurring, including Federal criminal history record  
6 information, on applicants for licensure and permit applicants  
7 by the respective agencies pursuant to the Race Horse Industry  
8 Reform Act or this part. Requests for criminal history  
9 background investigations may, at the direction of the  
10 commissions or the board, include, but not be limited to,  
11 officers, directors and stockholders of licensed corporations,  
12 key employees, financial backers, principals, gaming employees,  
13 horse owners, trainers, jockeys, drivers and other persons  
14 participating in thoroughbred or harness horse meetings and  
15 other persons and vendors who exercise their occupation or  
16 employment at such meetings, licensed facilities or licensed  
17 [racetrack] racetracks. For the purposes of this [chapter] part,  
18 the board and commissions may receive and retain information  
19 otherwise protected by 18 Pa.C.S. Ch. 91 (relating to criminal  
20 history record information).

21 § 1802. Submission of fingerprints and photographs.

22 [Applicants] Appointees, employees and prospective employees  
23 engaged in the service of the commissions or the board, and  
24 applicants under this part shall submit to fingerprinting and  
25 photographing by the Pennsylvania State Police[.] or by a local  
26 law enforcement agency capable of submitting fingerprints and  
27 photographs electronically to the Pennsylvania State Police  
28 utilizing the Integrated Automated Fingerprint Identification  
29 System and the Commonwealth Photo Imaging Network or in a manner  
30 and in such form as may be provided by the Pennsylvania State

Police. Fingerprinting pursuant to this part shall require, at a  
minimum, the submission of a full set of fingerprints.  
Photographing pursuant to this part shall require submission to  
photographs of the face and any scars, marks or tattoos for  
purposes of comparison utilizing an automated biometric imaging  
system. The Pennsylvania State Police shall submit [the]  
fingerprints [if necessary] when requested by the commissions or  
the board to the Federal Bureau of Investigation for purposes of  
verifying the identity of the applicants and obtaining records  
of criminal arrests and convictions in order to prepare criminal  
history background investigations under section 1801 (relating  
to duty to provide). [The] Fingerprints and photographs obtained  
pursuant to this part may be maintained by the commissions, the  
board and the Pennsylvania State Police for use pursuant to this  
part and for general law enforcement purposes. In addition to  
any other fee or cost assessed by the commissions or the board,  
an applicant shall pay for the cost of fingerprinting and  
photographing.

Section 17. Title 4 is amended by adding a section to read:  
§ 1901.1. Repayments to the State Gaming Fund.

The board shall defer assessing slot machine licensees for  
payments to the State Gaming Fund for any loans made to the  
State Gaming Fund until such time as all slot machine licenses  
have been issued and all licensed gaming entities have commenced  
the operation of slot machines. The board shall adopt a  
repayment schedule that assesses to each slot machine licensee  
costs for the repayment of any such loans in an amount that is  
proportional to each slot machine licensee's gross terminal  
revenue.

Section 18. Section 911(h)(1) of Title 18 is amended to

1 read:

2 § 911. Corrupt organizations.

3 \* \* \*

4 (h) Definitions.--As used in this section:

5 (1) "Racketeering activity" means all of the following:

6 (i) [any] An act which is indictable under any of  
7 the following provisions of this title:

8 Chapter 25 (relating to criminal homicide)

9 Section 2706 (relating to terroristic threats)

10 Chapter 29 (relating to kidnapping)

11 Chapter 33 (relating to arson, etc.)

12 Chapter 37 (relating to robbery)

13 Chapter 39 (relating to theft and related  
14 offenses)

15 Section 4108 (relating to commercial bribery and  
16 breach of duty to act disinterestedly)

17 Section 4109 (relating to rigging publicly  
18 exhibited contest)

19 Section 4117 (relating to insurance fraud)

20 Chapter 47 (relating to bribery and corrupt  
21 influence)

22 Chapter 49 (relating to falsification and  
23 intimidation)

24 Section 5111 (relating to dealing in proceeds of  
25 unlawful activities)

26 Section 5512 through 5514 (relating to gambling)

27 Chapter 59 (relating to public indecency).

28 (ii) [any] An offense indictable under section 13 of  
29 the act of April 14, 1972 (P.L.233, No.64), known as The  
30 Controlled Substance, Drug, Device and Cosmetic Act

(relating to the sale and dispensing of narcotic  
drugs)[;]\_.

(iii) [any] A conspiracy to commit any of the  
offenses set forth in subparagraphs (i) [and (ii) of this  
paragraph; or], (ii) or (v).

(iv) [the] The collection of any money or other  
property in full or partial satisfaction of a debt which  
arose as the result of the lending of money or other  
property at a rate of interest exceeding 25% per annum or  
the equivalent rate for a longer or shorter period, where  
not otherwise authorized by law.

(v) An offense indictable under 4 Pa.C.S. Pt. II  
(relating to gaming).

[Any] An act which otherwise would be considered racketeering  
activity by reason of the application of this paragraph,  
shall not be excluded from its application solely because the  
operative acts took place outside the jurisdiction of this  
Commonwealth, if such acts would have been in violation of  
the law of the jurisdiction in which they occurred.

\* \* \*

~~Section 19. The amendment of 4 Pa.C.S. § 1205(b) shall apply~~ <—  
~~to any slot machine license application filed on or after the~~  
~~effective date of this section.~~

SECTION 19. REPEALS ARE AS FOLLOWS: <—

(1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF 4  
PA.C.S. §§ 1202(B)(30) AND 1517(C.2).

(2) SECTION 493(29) OF THE ACT OF APRIL 12, 1951  
(P.L.90, NO.21), KNOWN AS THE LIQUOR CODE, IS REPEALED.

SECTION 20. THIS ACT SHALL APPLY AS FOLLOWS:

1           (1) THE AMENDMENT OF 4 PA.C.S. § 1205(B) SHALL APPLY TO  
2 ANY SLOT MACHINE LICENSE APPLICATION FILED ON OR AFTER THE  
3 EFFECTIVE DATE OF THIS SECTION.

4           (2) THE FOLLOWING PROVISIONS SHALL NOT APPLY TO A  
5 LICENSE ISSUED OR RENEWED BEFORE THE EFFECTIVE DATE OF THIS  
6 SECTION:

7                 (I) THE AMENDMENT OF 4 PA.C.S. § 1317.

8                 (II) THE ADDITION OF 4 PA.C.S. § 1317.1.

9       Section ~~20~~ 21. This act shall take effect immediately.

<—