
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 862 Session of
2005

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

AMENDMENTS TO SENATE AMENDMENTS, HOUSE OF REPRESENTATIVES,
OCTOBER 24, 2006

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 the Compulsive and Problem
28 Gambling Program; providing for ~~land use preemption and~~
29 ~~conveyances within cities of the first class, 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.

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 INTEREST,"
"gross terminal revenue" AND "LICENSED FACILITY" in section 1103
of Title 4 of the Pennsylvania Consolidated Statutes are amended
and the section is amended by adding definitions to read:

§ 1103. Definitions.

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

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

"Applicant." Any person[, officer, director or key
employee], who on his own behalf or on behalf of another, is
applying for permission to engage in any act or activity which
is regulated under the provisions of this part. In cases in
which the applicant is a [corporation, foundation, organization,
business trust, estate, limited liability company, trust,
partnership, limited partnership, association or any other form
of legal business entity,] person other than an individual, the
Pennsylvania Gaming Control Board shall determine the associated
persons whose qualifications are necessary as a precondition to

1 the licensing of the applicant.

2 * * *

3 ~~"Associated area." All parcels of land and improvements,~~ <—
4 ~~including a licensed racetrack and backside area, owned by the~~
5 ~~licensed gaming entity or its affiliate, intermediary,~~
6 ~~subsidiary or holding company which is contiguous with or~~
7 ~~adjoined directly by a pedestrian walkway, bridge or easement,~~
8 ~~to the land based location of the licensed facility.~~

9 * * *

10 "Compensation." Any thing of value, money or a financial
11 benefit conferred on or received by a person in return for
12 services rendered, or to be rendered, whether by that person or
13 another.

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

19 "Conduct of gaming." The licensed placement and operation of
20 games of chance under this part and approved by the Pennsylvania
21 Gaming Control Board at a licensed facility.

22 "Controlling interest." [A person shall be deemed to have
23 the ability to control a publicly traded corporation, or to
24 elect one or more of the members of its board of directors, if
25 such holder owns or beneficially holds 5% or more of the
26 securities of such publicly traded domestic or foreign
27 corporation, partnership, limited liability company or any other
28 form of legal entity, unless such presumption of control or
29 ability to elect is rebutted by clear and convincing evidence. A
30 person who is a holder of securities of a privately held

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

20 * * *

21 "Corporation." Includes a publicly traded corporation.

22 * * *

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

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

28 (2) Cash paid to purchase annuities to fund prizes
29 payable to patrons over a period of time as a result of
30 playing a slot machine.

1 (3) Any personal property distributed to a patron as the
2 result of playing a slot machine. This does not include
3 travel expenses, food, refreshments, lodging or services.
4 The term does not include counterfeit money or tokens, coins or
5 currency of other countries which are received in slot machines,
6 except to the extent that they are readily convertible to United
7 States currency, cash taken in fraudulent acts perpetrated
8 against a slot machine licensee for which the licensee is not
9 reimbursed or cash received as entry fees for contests or
10 tournaments in which the patrons compete for prizes.

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

18 * * *

19 "Independent contractor." A person who performs
20 professional, scientific, technical, advisory or consulting
21 services to the Pennsylvania Gaming Control Board for a fee,
22 honorarium or similar compensation pursuant to a contract.

23 * * *

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

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

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

29 * * *

30 "LICENSED FACILITY." THE PHYSICAL LAND-BASED LOCATION [AND

<—

1 ASSOCIATED AREAS] AT WHICH A LICENSED GAMING ENTITY IS
2 AUTHORIZED TO PLACE AND OPERATE SLOT MACHINES.

3 * * *

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

7 * * *

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

21 * * *

22 "Publicly traded corporation." A person other than an
23 individual which:

24 (1) has a class or series of securities registered under
25 the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C.
26 § 78a et seq.);

27 (2) is a registered management company under the
28 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. §
29 80a-1 et seq.); or

30 (3) is subject to the reporting obligations imposed by

1 section 15(d) of the Securities Exchange Act of 1934 by
2 reason of having filed a registration statement which has
3 become effective under the Securities Act of 1933 (48 Stat.
4 74, 15 U.S.C. § 77a et seq.).

5 * * *

6 "Subsidiary." A person other than an individual. The term
7 includes:

8 (1) a corporation, any significant part of whose
9 outstanding equity securities are owned, subject to a power
10 or right of control, or held with power to vote, by a holding
11 company or an intermediary company;

12 (2) a significant interest in a person, other than an
13 individual, which is owned, subject to a power or right of
14 control, or held with power to vote, by a holding company or
15 an intermediary company; or

16 (3) a person deemed to be a subsidiary by the
17 Pennsylvania Gaming Control Board.

18 * * *

19 "Underwriter." As defined in the act of December 5, 1972
20 (P.L.1280, No.284), known as the Pennsylvania Securities Act of
21 1972.

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

23 § 1201. Pennsylvania Gaming Control Board established.

24 (a) Board established.--There is established an independent
25 [administrative] board which shall be a body corporate and
26 politic to be known as the Pennsylvania Gaming Control Board[,
27 which shall be implemented as set forth in this section].

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

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

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

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

7 (ii) The Minority Leader of the Senate.

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

9 (iv) The Minority Leader of the House of
10 Representatives.

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

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

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

18 (c) Initial appointments to board.--

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

24 (2) Legislative [appointee members] appointees initially
25 appointed under subsection (b)(2) shall serve until the third
26 Tuesday in January 2007 and until their successors are
27 appointed and qualified.

28 (3) [Any] An appointment to fill a vacancy created by a
29 member appointed in accordance with paragraph (1) or (2)
30 shall be for the remainder of the unexpired term. [Members so

1 appointed to fill the unexpired term of an initial appointee
2 shall be subject to the provisions of subsection (d).]

3 (d) [Appointments after expiration of initial term or upon
4 vacancy] Terms of office.--Upon the expiration of a term of a
5 member appointed under [this subsection or upon the existence of
6 a vacancy of a member appointed pursuant to subsection (c) or
7 this] subsection (c), [the appointing authority shall appoint a
8 member subject to the following:

9 (1) For a gubernatorial appointment under subsection
10 (b)(1), the term shall be for three years and until a
11 successor is appointed and qualified.] the following shall
12 apply:

13 (1) The term of office of a gubernatorial appointee
14 shall be three years and until a successor is appointed and
15 qualified.

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

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

25 (4) [No] A gubernatorial appointee [member] shall serve
26 no more than two full [successive] consecutive terms.

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

29 (6) A member appointed to fill a vacancy under paragraph
30 (3) may serve three full terms following the expiration of

1 the term related to the vacancy.

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

5 (e) Ex officio members.--The Secretary of Revenue, the
6 Secretary of Agriculture and the State Treasurer, or their
7 designees, shall serve on the board as nonvoting ex officio
8 members of the board. The designee shall be a deputy secretary
9 or an equivalent position within the agency.

10 (f) Qualified majority vote.--

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

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

25 (3) Notwithstanding any other provision [to the
26 contrary] of this part or 65 Pa.C.S. § 1103(j) (relating to
27 restricted activities), a member shall disclose the nature of
28 his disqualifying interest, disqualify himself and abstain
29 from voting in a proceeding under this part in which his [or
30 her impartiality] objectivity, impartiality, integrity or

1 independence of judgment may be reasonably questioned,
2 [including, but not limited to, instances where he or she
3 knows that they possess a substantial financial interest in
4 the subject matter of the proceeding or any other interest
5 that could be substantially affected by the outcome of the
6 proceeding. In such circumstances in which it is] as provided
7 in subsection (h)(6). If a legislative appointee [member that
8 has disqualified himself or herself] has disqualified
9 himself, the qualified majority shall consist of all of the
10 remaining [three] legislative appointees and at least two
11 gubernatorial appointees.

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

15 (h) Qualifications and restrictions.--

16 (1) Each member at the time of appointment shall be at
17 least 25 years of age and shall have been a resident of this
18 Commonwealth for a period of at least one year immediately
19 preceding appointment. Each member shall continue to remain a
20 resident of this Commonwealth during the term of membership
21 on the board.

22 (2) Except for ex officio members, no person shall be
23 appointed a member of the board or [hold any place, position
24 or office under the board if that person holds any other
25 elected office or party office] be employed by or be an
26 independent contractor of the board if that person is a
27 public official or party officer as defined in section 1512
28 (relating to [public official financial interest] financial
29 and employment interests) in this Commonwealth or any of its
30 political subdivisions.

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

4 (4) No member, employee, appointee or official engaged
5 in the service of or in any manner connected with the board
6 shall hold any office or position, or be engaged in any
7 employment or vocation, the duties of which are incompatible
8 with employment in the service of or in connection with the
9 work of the board.]

10 (3) Each member, employee and independent contractor of
11 the board shall sign an agreement not to disclose
12 confidential information.

13 (4) No member, employee or independent contractor of the
14 board or other agency having regulatory authority over the
15 board or over forms of gaming regulated by this part shall be
16 employed, hold any office or position or be engaged in any
17 activity which is incompatible with the position, employment
18 or contract.

19 (5) No member shall be paid or [accept for any service
20 connected with the office any fee other than the salary and
21 expenses provided by law.] receive any fee or other
22 compensation other than salary and expenses provided by law
23 for any activity related to the duties or authority of the
24 board. Nothing in this part shall prohibit a member from
25 engaging in any employment [or vocation] or receiving any
26 compensation for such employment [or vocation] that is not
27 [otherwise] connected to or incompatible with his [or her]
28 service as a member of the board.

29 (6) No member, employee[, appointee or official shall
30 participate in any hearing or proceeding in which that person

1 has any direct or indirect pecuniary interest.] or
2 independent contractor of the board shall participate in a
3 hearing, proceeding or other matter in which the member,
4 employee or independent contractor, or the immediate family
5 thereof, has a financial interest in the subject matter of
6 the hearing or proceeding or other interest that could be
7 substantially affected by the outcome of the hearing or
8 proceeding, without first fully disclosing the nature of the
9 interest to the board and other persons participating in the
10 hearing or proceeding. The board shall determine if the
11 interest is a disqualifying interest that requires the
12 disqualification or nonparticipation of an employee or
13 independent contractor. For purposes of this paragraph, the
14 term "immediate family" shall mean spouse, parent, brother,
15 sister or child.

16 (7) At the time of appointment and annually thereafter,
17 each member shall disclose the existence of [all ownership
18 interests in licensed facilities and all securities in any
19 licensed entity or applicant, its affiliates or subsidiaries
20 held by the member, the member's spouse and any minor or
21 unemancipated children and must divest such ownership
22 interests in licensed facilities or securities prior to an
23 appointment becoming final. A member may not acquire any
24 security in any licensed entity, its affiliates or
25 subsidiaries during the member's tenure.] any financial
26 interest in any applicant, licensed entity or licensed
27 facility and in an affiliate, intermediary, subsidiary or
28 holding company thereof held by the member or known to be
29 held by the member's immediate family. The disclosure
30 statement shall be filed with the executive director of the

1 board and with the appointing authority for such member and
2 shall be open to inspection by the public at the office of
3 the board during the normal business hours of the board
4 [during the tenure of the member] for the duration of the
5 member's term and for two years after the member leaves
6 office. For purposes of this paragraph, the term "immediate
7 family" shall mean spouse, parent, brother, sister or child.

8 (7.1) Prior to being sworn as a member, an appointee and
9 his immediate family shall divest any financial interest in
10 any applicant, licensed facility or licensed entity and in an
11 affiliate, intermediary, subsidiary or holding company
12 thereof owned or held by the appointee or known to be held by
13 the appointee's immediate family. For the duration of the
14 member's term, and for one year thereafter, the member and
15 the member's immediate family may not acquire a financial
16 interest in any applicant, licensed facility or licensed
17 entity or in an affiliate, intermediary, subsidiary or
18 holding company thereof. For purposes of this paragraph, the
19 term "immediate family" shall mean spouse and any minor or
20 unemancipated child.

21 (7.2) Prior to entering into employment or a contract
22 with the board and annually thereafter, an employee or
23 independent contractor shall disclose the existence of any
24 financial interest in any applicant, licensed facility or
25 licensed entity and in an affiliate, intermediary, subsidiary
26 or holding company thereof owned or held by the employee or
27 independent contractor or known to be held by the immediate
28 family of the employee or independent contractor. The
29 disclosure statement shall be filed with the board and shall
30 be open to inspection by the public at the office of the

1 board during the normal business hours of the board and for
2 two years after termination of employment or a contract with
3 the board. For purposes of this paragraph, the term
4 "immediate family" shall mean spouse, parent, brother, sister
5 or child.

6 (7.3) Prior to entering into employment or contracting
7 with the board, an employee or independent contractor and the
8 employee's or independent contractor's immediate family shall
9 divest any financial interest in any applicant, licensed
10 facility or licensed entity, and in an affiliate,
11 intermediary, subsidiary or holding company thereof, owned or
12 held by the employee or independent contractor or known to be
13 held by the immediate family of the employee or independent
14 contractor. For the duration of the employee's employment
15 with the board or the independent contractor's contract with
16 the board, and for one year thereafter, the employee or
17 independent contractor and the immediate family thereof shall
18 not acquire, by purchase, gift, exchange or otherwise, any
19 financial interest in any applicant, licensed facility or
20 licensed entity and in any affiliate, intermediary,
21 subsidiary or holding company thereof. For purposes of this
22 paragraph, the term "immediate family" shall mean spouse and
23 any minor or unemancipated child.

24 (8) [Every member, employee, appointee or official of
25 the board, in the service of or in connection with the work
26 of the board, is forbidden, directly or indirectly, to
27 solicit or request from or to suggest or recommend to any
28 applicant, licensed entity, its] No member, employee or
29 independent contractor of the board may directly or
30 indirectly solicit, request, suggest or recommend to any

1 applicant, licensed entity, or an affiliate, intermediary,
2 subsidiary[,] or holding company thereof or to any [officer,
3 attorney, agent or employee] principal, employee, independent
4 contractor or agent thereof, the appointment or employment of
5 any [individual to any office, place or position in or the
6 employment of any individual] person in any capacity by the
7 applicant, licensed entity, [its] or an affiliate,
8 intermediary, subsidiary or holding company thereof for a
9 period of two years from the termination of term of office,
10 employment or contract with the board.

11 [(9) Every member, executive-level employee, appointee
12 or official appointed to office in the service of or in
13 connection with the work of the board is prohibited from
14 accepting employment with any applicant, licensed gaming
15 entity, its affiliate, intermediary, subsidiary or holding
16 company for a period of one year from the termination of
17 employment or service with the board. Every member,
18 executive-level employee, appointee or official appointed to
19 office in the service of or in connection with the work of
20 the board is prohibited from appearing before the board on
21 behalf of any applicant, licensed gaming entity, its
22 affiliate, intermediary, subsidiary or holding company or
23 other licensee or permittee of the board for a period of two
24 years after terminating employment or service with the board.

25 (10) If any person employed or appointed in the service
26 of the board violates any provision of this section, the
27 appointing authority or the board shall forthwith remove the
28 person from the office or employment and the person shall be
29 ineligible for future employment or service with the board
30 and shall be ineligible to be approved for any license or

1 permit under this part for a period of two years thereafter.]

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

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

11 (11) No member [or], employee or independent contractor
12 of the board shall accept a complimentary service, wager or
13 be paid any prize from any wager at any licensed facility
14 within this Commonwealth or at any other facility outside
15 this Commonwealth which is owned or operated by a licensed
16 gaming entity or any of its [affiliates or subsidiaries.]
17 affiliates, intermediaries, subsidiaries or holding companies
18 thereof for the duration of their term of office, employment
19 or contract with the board, and for a period of one year from
20 the termination of term of office, employment or contract
21 with the board. The provisions of this paragraph shall not
22 apply to employees who utilize slot machines for testing
23 purposes or to verify the performance of a machine as part of
24 an enforcement investigation.

25 (12) A member [of the board] who has been convicted
26 during his term in any domestic or foreign jurisdiction of a
27 felony, infamous crime [of moral turpitude] or gambling
28 offense shall, upon conviction, be automatically removed from
29 the board and shall be ineligible to become a [board] member
30 in the future. If an ex officio member is convicted during

1 his term in any domestic or foreign jurisdiction of a felony,
2 infamous crime or gambling offense, the ex officio member
3 shall, upon conviction, be automatically removed from the
4 board, and a designee shall be designated pursuant to
5 subsection (e) to serve the remainder of the ex officio
6 member's term.

7 (13) No employee of the board or individual employed by
8 an independent contractor of the board whose duties
9 substantially involve licensing, enforcement or the
10 development or adoption of regulations or policy under this
11 part shall:

12 (i) accept employment with an applicant, licensed
13 entity, or an affiliate, intermediary, subsidiary or
14 holding company thereof, for a period of one year after
15 the termination of the employment relating to the conduct
16 of gaming or contract with the board; or

17 (ii) appear before the board in any hearing or
18 proceeding or participate in any other activity on behalf
19 of any applicant, licensee, permittee, licensed entity,
20 or an affiliate, intermediary, subsidiary or holding
21 company thereof, for a period of two years after
22 termination of the employment or contract with the board.

23 (14) Upon the written request of an employee of the
24 board, the executive branch of the Commonwealth or a
25 political subdivision or of the agency or political
26 subdivision employing an employee, the State Ethics
27 Commission shall determine whether the individual's duties
28 substantially involve the development or adoption of
29 regulations or policy, licensing or enforcement, under this
30 part, and shall provide a written determination to the

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

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

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

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

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

22 (1) Obligations of the board.

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

25 (i) Compensation.--

26 (1) The Executive Board as established in the act of
27 April 9, 1929 (P.L.177, No.175), known as The Administrative
28 Code of 1929, shall establish the compensation of the members
29 [appointed pursuant to this section].

30 (2) Members shall be reimbursed for all necessary and

1 actual expenses.

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

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

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

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

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

29 (m) Employment requirements.--

30 (1) Prospective employees shall submit an application

1 and a personal disclosure form to the board which shall
2 include a complete criminal history, including convictions
3 and current charges for all felonies and misdemeanors.

4 (2) Prospective employees shall be required to undergo
5 testing which detects the presence of illegal substances in
6 the body.

7 (3) The board shall obtain fingerprints and photographs
8 for each prospective employee consistent with the standards
9 adopted by the Pennsylvania State Police.

10 (4) The board shall verify the identification,
11 employment and education of each prospective employee,
12 including:

13 (i) Legal name, including any alias.

14 (ii) All educational institutions attended
15 regardless of graduation status.

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

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

18 (5) The board shall not hire a prospective employee if
19 the prospective employee:

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

23 (ii) has been dismissed from other employment for
24 gross misconduct; or

25 (iii) has intentionally made a false statement
26 concerning a material fact in connection with the
27 application to the board.

28 (6) The board shall not employ a person unless the
29 requirements of paragraphs (1), (2), (3) and (4) have been
30 met. This paragraph shall apply only to persons employed

1 after the effective date of this subsection.

2 (7) The board shall:

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

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

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

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

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

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

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

21 (1) Securities that are held in a pension plan, profit-
22 sharing plan, individual retirement account, tax sheltered
23 annuity, a plan established pursuant to section 457 of the
24 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
25 1 et seq.), or any successor provision, deferred compensation
26 plan whether qualified or not qualified under the Internal
27 Revenue Code of 1986, or any successor provision, or other
28 retirement plan that:

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

30 (ii) is advised by an independent investment adviser

1 who has sole authority to make investment decisions with
2 respect to contributions made by the individual to these
3 plans.

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

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

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

14 Section 3. Title 4 is amended by adding a section to read:
15 § 1201.1. Applicability of other statutes.

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

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

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

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

25 (b) Status of board.--

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

28 (i) 62 Pa.C.S. Pt. I (relating to Commonwealth
29 Procurement Code). The expediting of the payment of
30 revenue to the Commonwealth shall not be grounds for an

emergency procurement by the board.

(ii) The act of October 15, 1980 (P.L.950, No.164),
known as the Commonwealth Attorneys Act.

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

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

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

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

§ 1202. General and specific powers.

(a) General powers.--

(1) The board shall have general [jurisdiction] and sole
regulatory authority over [all gaming activities] the conduct
of gaming or related activities as described in this part.

The board shall [be responsible to] ensure the integrity of
the acquisition and operation of slot machines and associated
equipment and shall have [jurisdiction] sole regulatory
authority over every aspect of the authorization and
operation of slot machines.

(2) The board shall employ [an executive director, chief
counsel, deputies, secretaries, officers, hearing officers
and agents as it may deem necessary] individuals as necessary
to carry out the powers and duties of the board, who shall
serve at the board's pleasure. [The board shall also employ
other employees as it deems appropriate whose duties shall be
determined by the board. In order to ensure the ability of
the board to recruit and retain individuals necessary to
execute its responsibilities under this part, the board shall
set the] An employee of the board shall be considered a State

1 employee for purposes of 71 Pa.C.S. Pt. XXV (relating to
2 retirement for State employees and officers). For the
3 purposes of this paragraph, the board shall not be considered
4 an executive or independent agency under the act of October
5 15, 1980 (P.L.950, No.164), known as the Commonwealth
6 Attorneys Act.

7 (3) In addition to employees authorized by the board,
8 each member may employ one special assistant whose
9 classification and compensation shall be established by the
10 board. A special assistant shall be a State employee for
11 purposes of 71 Pa.C.S. Pt. XXV, shall serve at the pleasure
12 of the member and may only be removed by the board for cause.

13 (4) The board shall establish a system of classification
14 and compensation of its employees and shall not be subject to
15 the provisions of the act of April 9, 1929 (P.L.177, No.175),
16 known as The Administrative Code of 1929, as to
17 classification and compensation for its employees and conduct
18 its activities consistent with the practices and procedures
19 of Commonwealth agencies. [For the purposes of the act of
20 October 15, 1980 (P.L.950, No.164), known as the Commonwealth
21 Attorneys Act, the board shall not be considered an executive
22 or independent agency. The board shall have such other powers
23 and authority necessary to carry out its duties and the
24 objectives of this part.]

25 (5) Within 90 days of the effective date of this
26 paragraph, the board shall publish in the Pennsylvania
27 Bulletin, and on its Internet website, the classification
28 system for all employees of the board.

29 (6) A request for proposal to conduct investigations of
30 employees and applicants under this part shall include a

requirement that an offeror provide the number of employees of the offeror who will be engaged in the conduct of investigations and who are residents of this Commonwealth and annuitants of a Federal, State or local law enforcement agency. Preference shall be given to an offeror with a substantial number of employees who will be engaged in the conduct of investigations and who are residents of this Commonwealth and annuitants of a Federal, State or local law enforcement agency.

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

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

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

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

(4) To contract and execute instruments as necessary to carry out the powers and duties of the board. Contracts for the purchase of supplies, services and construction shall be for a term not to exceed two years.

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

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

(7) To administer oaths, examine witnesses and issue subpoenas compelling the attendance of witnesses or the production of documents and records or other evidence. The provisions of this paragraph shall apply to designated officers and employees.

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

1 (8.1) Retain attorneys, accountants, auditors and
2 financial and other experts, to render services as necessary.
3 For the purposes of this paragraph, the board shall be
4 considered an independent agency for purposes of the
5 Commonwealth Attorneys Act.

6 (9) To require background investigations on [prospective
7 or existing] applicants, licensees, principals, key employees
8 or permittees [or persons holding a controlling interest in
9 any prospective or existing licensee or permittee] under the
10 jurisdiction of the board.

11 [(2)] (10) To enter into an agreement with the
12 Pennsylvania State Police for the reimbursement of actual
13 costs as approved by the board to the Pennsylvania State
14 Police for the investigations. Investigations shall include
15 information in the possession of the Attorney General.

16 [(3)] (11) For purposes of licensing and enforcement and
17 for purposes of the background investigation, [the board may]
18 to receive information otherwise protected by 18 Pa.C.S. Ch.
19 91 (relating to criminal history record information).

20 [(4)] (12) At its discretion, to issue, approve, renew,
21 revoke, suspend, condition or deny issuance or renewal of
22 slot machine licenses.

23 [(5)] (13) At its discretion, to issue, approve, renew,
24 revoke, suspend, condition or deny issuance or renewal of
25 supplier and manufacturer licenses.

26 [(6)] (14) At its discretion, to issue, approve, renew,
27 revoke, suspend, condition or deny issuance or renewal of
28 [occupation permits] a license or permit for various classes
29 of employees as required under this part.

30 [(7)] (15) At its discretion, to issue, approve, renew,

1 revoke, suspend, condition or deny issuance or renewal of any
2 additional licenses or permits which may be required by the
3 board under this part. [or by regulation, including, but not
4 limited to, violations of sections 1328 (relating to change
5 in ownership or control of slot machine licensee) and 1330
6 (relating to multiple slot machine license prohibition).]

7 [(8)] (16) At its discretion, to suspend, condition or
8 deny the issuance or renewal of any license or permit or levy
9 fines or other sanctions for any violation of this part.

10 [(9)] (17) To require prospective and existing
11 employees, independent contractors, applicants [for licenses
12 and permits], licensees and permittees to submit to
13 fingerprinting by the Pennsylvania State Police. The
14 Pennsylvania State Police shall submit the fingerprints to
15 the Federal Bureau of Investigation for purposes of verifying
16 the identity of the [applicants] individual and obtaining
17 records of criminal arrests and convictions.

18 [10] (18) To require prospective and existing employees,
19 independent contractors, applicants, licensees and permittees
20 to submit photographs consistent with the standards of the
21 Commonwealth Photo Imaging Network.

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

27 (20) In addition to the power of the board regarding
28 license and permit applicants, to determine at its discretion
29 the suitability of any person who furnishes or seeks to
30 furnish to a slot machine licensee directly or indirectly any

1 services or property related to slot machines or associated
2 equipment or through any arrangements under which that person
3 receives payment based directly or indirectly on earnings,
4 profits or receipts from the slot machines and associated
5 equipment. The board may require any such person to comply
6 with the requirements of this part and the regulations of the
7 board and may prohibit the person from furnishing the
8 services or property.

9 [(11) As a board and through its designated officers,
10 employees or agents, to administer oaths, examine witnesses
11 and issue subpoenas to compel attendance of witnesses and
12 production of all relevant and material reports, books,
13 papers, documents and other evidence.

14 (12)] (21) Within six months after the effective date of
15 this part, in a manner that does not impede the immediate
16 implementation of the duties and responsibilities of the
17 board under this part during the immediate two years after
18 the effective date of this part, to develop and implement an
19 affirmative action plan to assure that all persons are
20 accorded equality of opportunity in employment and
21 contracting by the board, its contractors, subcontractors,
22 assignees, lessees, agents, vendors and suppliers.

23 [(13)] (22) Except for contracts related to the central
24 control computer [and such other contracts as the board, in
25 consultation with the Secretary of General Services,
26 determines would result in substantial savings to the board
27 if entered into for a longer period than provided in this
28 paragraph], all contracts entered into by the board during
29 the two-year period following the effective date of this part
30 shall not exceed a term of two years.

1 [(14) To promulgate rules and regulations the board
2 deems necessary to carry out the policy and purposes of this
3 part and to enhance the credibility and the integrity of the
4 licensed operation of slot machines and associated equipment
5 in this Commonwealth.

6 (15)] (23) The board shall not issue or renew a license
7 or permit unless it is satisfied that the applicant is a
8 person of good character, honesty and integrity and is a
9 person whose prior activities, criminal record, if any,
10 reputation, habits and associations do not pose a threat to
11 the public interest or the effective regulation and control
12 of slot machine operations or create or enhance the danger of
13 unsuitable, unfair or illegal practices, methods and
14 activities in the conduct of slot machine operations or the
15 carrying on of the business and financial arrangements
16 incidental thereto.

17 [(16)] (24) Notwithstanding any other provision of law,
18 [the board is authorized] to sell, in whole or in part, the
19 Commonwealth's right, title and interest in State gaming
20 receipts to [an] the authority [created by the Commonwealth].
21 The sale shall be subject to the terms and conditions
22 contained in agreements between the board and the authority.
23 Proceeds from the sale of State gaming receipts shall be
24 allocated and used in the manner otherwise provided by this
25 part for the distribution of State gaming receipts. The
26 authority [created by the Commonwealth] is authorized to
27 purchase State gaming receipts upon terms and conditions
28 agreed to by the board and to issue bonds to fund the
29 purchase of State gaming receipts in the manner provided for
30 the issuance of authority indebtedness in the law

1 establishing the authority. The State Treasurer is authorized
2 and directed to enter into any agreements with the board and
3 the authority and establish accounts and funds, that shall
4 not be in the State Treasury, as the authority may direct as
5 being necessary or appropriate to effect the sale of State
6 gaming receipts to the authority and the collection and
7 transfer of the State gaming receipts sold to the authority.
8 State gaming receipts sold to the authority shall be the
9 property of the authority and shall not be the property of
10 the Commonwealth.

11 [(17)] (25) To [create a Bureau of Investigations and
12 Enforcement within the board. The board shall] promulgate
13 regulations pertaining to the operation of the bureau [which
14 shall] to insure separation of functions between the bureau
15 and the board. The board shall provide the employees
16 necessary to the bureau for enforcement of this part.

17 [(18)] (26) To enter into an agreement with the district
18 attorneys of the counties wherein licensed facilities are
19 located and the Office of Attorney General for the
20 reimbursement of actual costs for prosecutions of criminal
21 violations [of this part.] and for investigating a person
22 applying for a determination that an individual has been
23 rehabilitated under this part.

24 (27) To publish each January in the Pennsylvania
25 Bulletin and on the board's Internet website a complete list
26 of all persons or entities who applied for or held a slot
27 machine license, manufacturer license, supplier license or
28 racetrack license at any time during the preceding calendar
29 year and all affiliates, intermediaries, subsidiaries and
30 holding companies thereof and the status of the application

1 or license.

2 (28) To prepare and, through the Governor, submit
3 annually to the General Assembly an itemized budget
4 consistent with Article VI of the act of April 9, 1929
5 (P.L.177, No.175), known as The Administrative Code of 1929,
6 consisting of the amounts necessary to be appropriated by the
7 General Assembly out of the accounts established under
8 section 1401 (relating to slot machine licensee deposits)
9 required to meet the obligations accruing during the fiscal
10 period beginning July 1 of the following year. The budget
11 shall include itemized recommendations for the Attorney
12 General, the department and the Pennsylvania State Police as
13 to the amount needed to meet their obligations under this
14 part.

15 (29) In the event that in any year, appropriations for
16 the administration of this part are not enacted by June 30,
17 any funds appropriated for the administration of this part
18 which are unexpended, uncommitted, and unencumbered at the
19 end of a fiscal year shall remain available for expenditure
20 by the board or other agency to which they were appropriated
21 until the enactment of appropriation for the ensuing fiscal
22 year.

23 (30) To promulgate rules and regulations necessary for
24 the administration and enforcement of this part, including
25 regulations in cooperation with the Pennsylvania Liquor
26 Control Board, regulations relating to the sale and service
27 of liquor and malt and brewed beverages by licensees. Except
28 as provided in section 1203 (relating to temporary
29 regulations), regulations shall be adopted pursuant to the
30 act of July 31, 1968 (P.L.769, No.240), referred to as the

Commonwealth Documents Law, and the act of June 25, 1982
(P.L.633, No.181), known as the Regulatory Review Act.

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

§ 1202.1. Code of conduct.

(a) Scope.--The board shall adopt a comprehensive code of
conduct prior to the consideration of any license, permit or
registration application. The code of conduct shall supplement
all other requirements under this part and 65 Pa.C.S. Pt. II
(relating to accountability) and shall provide guidelines
applicable to members, employees, independent contractors of the
board, and the immediate families of the members, employees and
independent contractors, to enable them to avoid any perceived
or actual conflict of interest and to promote public confidence
in the integrity and impartiality of the board. At a minimum,
the code of conduct adopted under this section shall include
registration under subsection (b) and the restrictions in
subsection (c).

(b) Registration.--

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

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

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

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

(1) Not engage in any ex parte communication with any

1 person.

2 (2) Not accept any discount, gift, gratuity,
3 compensation, travel, lodging or other thing of value,
4 directly or indirectly, from any applicant, licensee,
5 permittee, registrant or licensed entity representative
6 thereof.

7 (3) Disclose and disqualify himself from any proceeding
8 in which the member's objectivity, impartiality, integrity or
9 independence of judgment may be reasonably questioned due to
10 the member's relationship or association with a party
11 connected to any proceeding or a person appearing before the
12 board.

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

16 (5) Not hold or campaign for public office, hold an
17 office in any political party or political committee,
18 contribute to or solicit contributions to a political
19 campaign, party, committee or candidate, publicly endorse a
20 candidate or actively participate in a political campaign.

21 (6) Not solicit funds for any charitable, educational,
22 religious, health, fraternal, civic or other nonprofit entity
23 from an applicant, licensed entity or affiliate, subsidiary,
24 intermediary or holding company of a licensed entity,
25 interested party or licensed entity representative. A board
26 member may serve as an officer, employee or member of the
27 governing body of a nonprofit entity and may attend, make
28 personal contributions to and plan or preside over the
29 entity's fundraising events. A board member may permit his
30 name to appear on the letterhead used for fundraising events

1 if the letterhead contains only the board member's name and
2 position with the nonprofit entity.

3 (7) Not meet or engage in discussions with any
4 applicant, person licensed under this part, or a licensed
5 entity representative unless the meeting or discussion occurs
6 on the business premises of the board and is recorded in a
7 log maintained for this purpose. The log shall be available
8 for public inspection during the regular business hours of
9 the board. The provisions of this paragraph shall not apply
10 to meetings of the board to consider matters requiring the
11 physical inspection of the equipment or premises of an
12 applicant or a licensed entity at their location.

13 (8) Avoid impropriety and the appearance of impropriety
14 at all times and observe standards and conduct that promote
15 public confidence in the oversight of gaming.

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

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

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

23 "Ex parte communication." An off-the-record communication by
24 a member or employee of the board regarding the merits of or any
25 fact in issue relating to a pending matter before the board or
26 which may reasonably be expected to come before the board in a
27 contested on-the-record proceeding. The term shall not include
28 off-the-record communications by or between a member or employee
29 of the board, Department of Revenue, Pennsylvania State Police,
30 Attorney General or other law enforcement official prior to the

1 beginning of the proceeding solely for the purpose of seeking
2 clarification or correction to evidentiary materials intended
3 for use in the proceedings.

4 "Licensed entity representative." A person acting on behalf
5 of or representing the interest of any applicant, licensee,
6 permittee or registrant, including an attorney, agent or
7 lobbyist regarding any matter which may reasonably be expected
8 to come before the board.

9 Section 6. Sections 1203, 1204, 1205, 1206(a), (b), (c), (d)
10 and (f), 1207(6), 1208(1), 1209(a), 1210, 1211, 1213, 1304,
11 1305, 1306, 1309(a)(1) and 1311 of Title 4 are amended to read:
12 § 1203. Temporary regulations.

13 (a) Promulgation.--[Notwithstanding any other provision of
14 law to the contrary and in] In order to facilitate the prompt
15 implementation of this part, regulations promulgated by the
16 board [during the two years following the effective date of this
17 part] shall be deemed temporary regulations which shall expire
18 no later than three years following the effective date of this
19 part [or upon promulgation of regulations as generally provided
20 by law. The temporary regulations shall not be]. The board may
21 promulgate temporary regulations not subject to:

22 (1) Sections 201 [through 205], 202 and 203 of the act
23 of July 31, 1968 (P.L.769, No.240), referred to as the
24 Commonwealth Documents Law.

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

27 (b) Expiration.--The authority provided to the board to
28 adopt temporary regulations in subsection (a) shall expire [two
29 years from the effective date of this section] April 15, 2007.
30 Regulations adopted after [the two-year] this period shall be

1 promulgated as provided by law.

2 § 1204. Licensed gaming entity application appeals from board.

3 The Supreme Court of Pennsylvania shall be vested with
4 exclusive appellate jurisdiction to consider appeals of any
5 final order, determination or decision of the board involving
6 the approval, issuance, denial or conditioning of [all licensed
7 entity applications] a slot machine license. Notwithstanding the
8 provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial
9 review of Commonwealth agency action) and 42 Pa.C.S. § 763
10 (relating to direct appeals from government agencies), the
11 Supreme Court shall affirm all final orders, determinations or
12 decisions of the board involving the approval, issuance, denial
13 or conditioning of [all licensed entity applications] a slot
14 machine license unless it shall find that the board committed an
15 error of law or that the order, determination or decision of the
16 board was arbitrary and there was a capricious disregard of the
17 evidence.

18 § 1205. License or permit application hearing process[.];
19 public input hearings.

20 (a) General rule.--The board's consideration and resolution
21 of all license or permit applications shall be conducted in
22 accordance with 2 Pa.C.S. (relating to administrative law and
23 procedure) or with procedures adopted by order of the board.
24 Notwithstanding the [mandates] requirements of 2 Pa.C.S. §§ 504
25 (relating to hearing and record) and 505 (relating to evidence
26 and cross-examination)[, said procedures adopted by order of the
27 board shall] as they relate to the conduct of oral hearings, the
28 board may adopt procedures to provide parties before it with a
29 documentary hearing, [but] and the board may[, at its
30 discretion,] resolve disputed material facts without conducting

1 an oral hearing where constitutionally permissible.

2 (b) Public input hearing requirement.--

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

6 (2) All public input hearings relating to an application
7 for a slot machine license shall be held in the municipality
8 where the facility will be located and shall be organized in
9 cooperation with the municipality.

10 (3) A list of all witnesses scheduled to testify at a
11 public input hearing shall be made public at least seven days
12 prior to the hearing. The list shall be updated at least
13 three days prior to the hearing. Additional witnesses shall
14 be posted on the board's Internet website as they are added
15 to the list.

16 § 1206. Board minutes and records.

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

28 (b) Record of proceedings.--The board shall cause to be made
29 and kept a record of all proceedings held at public meetings of
30 the board. [A] The verbatim transcript of those proceedings

1 shall be the property of the board and shall be prepared by the
2 board upon the request of any board member or upon the request
3 of any other person and the payment by that person of the costs
4 of preparation.

5 [(c) Information delivered to Governor and General
6 Assembly.--A true copy of the minutes of every meeting of the
7 board and of any regulations finally adopted by the board may be
8 forthwith delivered, by and under the certification of the
9 executive director, to the Governor, the Secretary of the Senate
10 and the Chief Clerk of the House of Representatives.]

11 (d) Applicant information.--

12 (1) The board shall [keep and] maintain a list of all
13 applicants for licenses and permits. [under this part
14 together with] The list shall include a record of all actions
15 taken with respect to [the applicants, which file and record]
16 each applicant. The list shall be open to public inspection
17 during the normal business hours of the board.

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

22 * * *

23 (f) Confidentiality of information.--All information
24 [contained in the application process] submitted by an applicant
25 pursuant to section 1310(a) (relating to slot machine license
26 application character requirements) [and the report of an
27 applicant's background investigation furnished to] or obtained
28 by the board or the bureau as part of a background investigation
29 from any source shall be considered confidential [and]. Except
30 as provided in section 1517(f) (relating to investigation and

1 enforcement), the information shall be withheld from public
2 disclosure in whole or in part, except that any information
3 shall be released upon the lawful order of a court of competent
4 jurisdiction or, with the approval of the Attorney General, to a
5 duly authorized law enforcement agency or shall be released to
6 the public, in whole or in part, to the extent that such release
7 is requested by an applicant and does not otherwise contain
8 confidential information about another person. The board may not
9 require any applicant to waive any confidentiality provided for
10 in this subsection as a condition for the approval of a license
11 or any other action of the board. Any person who violates this
12 subsection shall be administratively disciplined by discharge,
13 suspension or other formal disciplinary action as the board
14 deems appropriate.

15 * * *

16 § 1207. Regulatory authority of board.

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

18 * * *

19 (6) Prescribe criteria and conditions for the operation
20 of slot machine progressive systems. A wide area progressive
21 slot system shall be collectively administered by
22 participating slot machine licensees in accordance with the
23 terms of a written agreement executed by each participating
24 slot machine licensee and approved by the board.

25 * * *

26 § 1208. Collection of fees and fines.

27 The board has the following powers and duties:

28 (1) To levy and collect fees from the various
29 applicants, licensees and permittees to fund the operations
30 of the board. The fees shall be deposited into the State

1 Gaming Fund as established in section 1403 (relating to
2 establishment of State Gaming Fund and net slot machine
3 revenue distribution) and distributed to the board upon
4 appropriation by the General Assembly. In addition to the
5 fees set forth in sections 1209 (relating to slot machine
6 license fee) and 1305 (relating to Category 3 slot machine
7 license), the board shall assess and collect fees as follows:

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

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

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

23 * * *

24 § 1209. Slot machine license fee.

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

1 or a Category 2 license in the amount of \$50,000,000 [for each
2 category of slot machine license.] and deposited in the State
3 Gaming Fund. No fee shall be imposed by the board for a Category
4 1 license if the applicant has paid a \$50,000,000 fee for a
5 conditional Category 1 license.

6 * * *

7 § 1210. Number of slot machines.

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

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

economic indicators it deems applicable in making its decision.

(c) Limitation.--For the two and one-half 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 October 20, 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

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

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

20 § 1213. License or permit prohibition.

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

1 has elapsed from the date of expiration of the sentence for the
2 offense. When determining whether to issue a license or permit
3 to an applicant who has been convicted in any jurisdiction of a
4 felony or gambling offense, the board shall consider the
5 following factors:

6 (1) The nature and duties of the applicant's position
7 with the licensed entity.

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

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

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

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

16 (6) Any evidence of rehabilitation, including good
17 conduct in the community, counseling or psychiatric treatment
18 received and the recommendation of persons who have
19 substantial contact with the applicant.

20 § 1304. Category 2 slot machine license.

21 (a) Eligibility.--

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

Commission to conduct thoroughbred or harness race meetings respectively with pari-mutuel wagering.

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

(b) Location.--

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

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

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

§ 1305. Category 3 slot machine license.

(a) Eligibility.--

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

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

(3) If the person seeking a slot machine license

proposes to place the licensed facility upon land designated
a subzone, an expansion subzone or an improvement subzone
under the act of October 6, 1998 (P.L.705, No.92), known as
the Keystone Opportunity Zone, Keystone Opportunity Expansion
Zone and Keystone Opportunity Improvement Zone Act, the
person shall, at any time prior to the application being
approved, submit a statement waiving the exemptions,
deductions, abatements or credits granted under the Keystone
Opportunity Zone, Keystone Opportunity Expansion Zone and
Keystone Opportunity Improvement Zone Act if the board
approves the application.

(b) Location.--

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

(2) Within five days of approving a license for an
applicant with a proposed licensed facility consisting of
land designated a subzone, an expansion subzone or an
improvement subzone under the Keystone Opportunity Zone,
Keystone Opportunity Expansion Zone and Keystone Opportunity
Improvement Zone Act for a slot machine license under this
section, the board shall notify the Department of Community
and Economic Development. The notice shall include a
description of the land of the proposed licensed facility
which is designated a subzone, an expansion subzone or an
improvement subzone. Within five days of receiving the notice
required by this paragraph, the Secretary of Community and
Economic Development shall decertify the land of the proposed
license facility as being a subzone, an expansion subzone or
an improvement subzone. Upon decertification in accordance
with this paragraph and notwithstanding Chapter 3 of the

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

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

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

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

"Amenities." Any ancillary activities, services or facilities in which a registered guest or the transient public, in return for non-de minimis consideration as defined by board

1 regulation, may participate at a resort hotel, including, but
2 not limited to, sports and recreational activities and
3 facilities such as a golf course or golf driving range, tennis
4 courts or swimming pool; health spa; convention, meeting and
5 banquet facilities; entertainment facilities; and restaurant
6 facilities.

7 "Patron of the amenities." Any individual who is a
8 registered attendee of a convention, meeting or banquet event or
9 a participant in a sport or recreational event or any other
10 social, cultural or business event held at a resort hotel or who
11 participates in one or more of the amenities provided to
12 registered guests of the resort hotel.

13 § 1306. Order of initial license issuance.

14 In order to facilitate the timely and orderly deployment of
15 licensed gaming operations in this Commonwealth, the board shall
16 adopt a schedule by which applicants for slot machine,
17 manufacturer and supplier licenses shall be filed, considered
18 and resolved in accordance with the provisions of this part. In
19 so doing, the board shall consider, approve, condition or deny
20 the approval of all filed applications for manufacturer and
21 supplier licenses as soon as administratively possible and at
22 least three months prior to the board's approval, conditioning
23 or denial of the approval of any Category 1 license application
24 pursuant to section 1315 (relating to conditional Category 1
25 licenses) or any other category of slot machine license pursuant
26 to section 1301 (relating to authorized slot machine licenses).
27 The board shall ensure that an adequate number of suppliers have
28 been licensed pursuant to section 1301 to meet market demand.
29 The board shall approve, approve with condition or deny all
30 initial applications for conditional Category 1 licenses under

1 section 1315 (relating to conditional Category 1 licenses) prior
2 to considering applications for Category 1, Category 2 or
3 Category 3 slot machine licenses.

4 § 1309. Slot machine license application.

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

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

14 * * *

15 § 1311. [Slot machine license application business entity
16 requirements.

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

1 other lien acquired in the ordinary course of business; each
2 underwriter; each agent; each employee of the corporation or
3 entity and each other person whom the board may consider
4 appropriate for approval or qualification. The board may waive
5 compliance with the provisions of this subsection on the part of
6 a publicly traded corporation as to a person directly or
7 indirectly holding ownership of securities of such corporation
8 where the board is satisfied that the security holder is not
9 significantly involved in the activities of the corporation and
10 does not have the ability to control the corporation or elect
11 one or more directors thereof.

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

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

1 the holding company or elect one or more directors thereof;
2 or

3 (2) if it is not a corporation, shall comply with the
4 provisions of subsection (c) as if said company were itself
5 applying for a slot machine license. The board may waive
6 compliance with the provisions of subsection (c) on the part
7 of a noncorporate business organization which is a holding
8 company as to any person who directly or indirectly holds any
9 beneficial interest or ownership in such company when the
10 board is satisfied that such person does not have the ability
11 to control the company.

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

22 Additional slot machine license requirements.

23 (a) Additional eligibility requirements.--In order to be
24 eligible for a slot machine license under this part, the
25 principals and key employees of the applicant shall obtain a
26 license to meet the character requirements of section 1310
27 (relating to slot machine license application character
28 requirements) or other eligibility requirements established by
29 the board.

30 (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, and other persons which the board considers appropriate for review under section 1310.

(c) Related entities.--

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

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

(d) Revocable privilege.--The issuance or renewal of a license, permit or other authorization by the board under this section shall be a revocable privilege.

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

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

1 (1) If the applicant is a publicly traded corporation,
2 the board may issue a waiver under this subsection if it
3 determines that the principal or key employee does not have
4 the ability to control, have a controlling interest in or
5 elect one or more directors of the holding company or
6 intermediary and is not actively involved in the activities
7 of the applicant.

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

13 (g) Ongoing duty.--A person applying for a license, permit
14 or other authorization under this part shall have the continuing
15 duty to provide information required by the board or the bureau
16 and to cooperate in any inquiry or investigation.

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

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

21 § 1311.1. Licensing of principals.

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

24 (b) Application.--A principal license application shall be
25 in a form prescribed by the board and shall include the
26 following:

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

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

30 (3) All releases necessary to obtain information from

governmental agencies, employers and other organizations.

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

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

(6) Details relating to a similar license, permit or
other authorization obtained in another jurisdiction.

(7) Any additional information required by the board.

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

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

(e) Principals.--An individual who receives a principal
license need not obtain a key employee license.

§ 1311.2. Licensing of key employees.

(a) License required.--All key employees shall obtain a key
employee license from the board.

(b) Application.--A key employee license application shall
be in a form prescribed by the board and shall include the
following:

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

(2) A description of employment responsibilities.

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

(4) Fingerprints, which shall be submitted to the

Pennsylvania State Police.

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

(6) Details relating to a similar license, permit or
other authorization obtained in another jurisdiction.

(7) Any additional information required by the board.

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

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

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

§ 1313. Slot machine license application financial fitness
requirements.

* * *

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

1 1209 or a distribution of terminal revenue in excess of the
2 amounts provided in sections 1403, 1405 (relating to
3 Pennsylvania Race Horse Development Fund) and 1407 (relating to
4 Pennsylvania Gaming Economic Development and Tourism Fund) shall
5 not be deemed a financially successful, viable or efficient
6 business operation and shall not be approved for a slot machine
7 license.

8 * * *

9 § 1317. Supplier [and manufacturer] licenses [application].

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

1 systems are excluded from any requirements that they be provided
2 through a licensed supplier as set forth in this part.]

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

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

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

17 (1.2) Proof that the applicant has or will establish a
18 principal place of business in this Commonwealth. A supplier
19 licensee shall maintain its principal place of business in
20 this Commonwealth 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 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 (e) Prohibitions.--No limitation shall be placed on the
29 number of supplier licenses issued or the time period to submit
30 applications for licensure except as required to comply with

1 section 1306 (relating to order of initial license issuance).

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

3 § 1317.1. Manufacturer licenses.

4 (a) Application.--A person seeking to manufacture slot
5 machines and associated equipment for use in this Commonwealth
6 shall apply to the board for a manufacturer license.

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

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

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

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

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

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

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

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

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

10 (2) The license shall be nontransferable.

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

12 (d) Renewal.--

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

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

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

26 (d.1) Authority.--The following shall apply to a licensed
27 manufacturer:

28 (1) A licensed manufacturer or its designee, as licensed
29 by the board, may supply or repair any slot machine or
30 associated equipment manufactured by the licensed

1 manufacturer.

2 (2) A manufacturer may contract with a supplier under
3 section 1317 (relating to supplier licenses) to provide slot
4 machines or associated equipment to a slot machine licensee
5 within this Commonwealth.

6 (e) Prohibitions.--

7 (1) No person may manufacture slot machines or
8 associated equipment for use within this Commonwealth by a
9 slot machine licensee unless the person has been issued a
10 manufacturer license under this section.

11 (2) No slot machine licensee may use slot machines or
12 associated equipment unless the slot machines or associated
13 equipment were manufactured by a person that has been issued
14 a manufacturer license under this section.

15 (3) No person issued a license under this section shall
16 apply for or be issued a license under section 1317 (relating
17 to supplier licenses).

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

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

24 § 1318. Occupation permit application.

25 * * *

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

28 * * *

29 (4) A photograph [and handwriting exemplar] of the
30 person.

1 * * *

2 § 1323. Central control computer system.

3 (a) General rule.--To facilitate the auditing and security
4 programs critical to the integrity of slot machine gaming in
5 this Commonwealth, the department shall have overall control of
6 slot machines, and all slot machine terminals shall be linked,
7 at an appropriate time to be determined by the department, to a
8 central control computer under the control of the department and
9 accessible by the board to provide auditing program capacity and
10 individual terminal information as approved by the department
11 and shall include real-time information retrieval and terminal
12 activation and disabling programs. The central control computer
13 selected and employed by the department shall not unduly limit
14 or favor the participation of a vendor or manufacturer of a slot
15 machine as a result of the cost or difficulty of implementing
16 the necessary program modifications to communicate with and link
17 to the central control computer. The central control computer
18 employed by the department shall provide:

19 (1) A fully operational Statewide slot machine control
20 system that has the capability of supporting up to the
21 maximum number of slot machines that could be permitted to be
22 in operation under this part.

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

26 (2.1) The delivery of a system that has the ability to
27 verify software, detect alterations in payout and detect
28 other methods of fraud in all aspects of the operation of
29 slot machines.

30 (3) The delivery of a system that has the capability to

1 support in-house and wide-area progressive slot machines as
2 approved by the board.

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

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

9 (6) The delivery of a system that provides redundancy so
10 that each component of the network will be capable of
11 operating independently by the department if any component of
12 the network, including the central control computer, fails or
13 cannot be operated for any reason as determined by the
14 department, and to assure that all transactional data is
15 captured and secured. Costs associated with any computer
16 system required by the department to operate at a licensed
17 facility, whether independent or as part of the central
18 control computer, shall be paid by the slot machine licensee.
19 The computer system will be controlled by the department and
20 accessible to the board.

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

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

25 * * *

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

28 § 1325. License or permit issuance.

29 * * *

30 (d) Trusts and similar business entities.--The board shall

1 determine the eligibility of a trust or similar business entity
2 to be a licensed entity in accordance with the following:

3 (1) No trust or similar business entity shall be
4 eligible to hold any beneficial interest in a licensed entity
5 under this part unless each trustee, grantor and beneficiary
6 of the trust, including a minor child beneficiary, qualifies
7 for and is granted a license as a principal. The board may
8 waive compliance with this paragraph if the trustee is a
9 banking or lending institution and the board is satisfied
10 that the trustee is not significantly involved in the
11 activities of the licensed entity. In addition to other
12 information required by the board, a banking or lending
13 institution acting as a trustee shall produce at the request
14 of the board any documentation or information relating to the
15 trust.

16 (2) No beneficiary of a trust or similar business entity
17 who is a minor child shall control or be significantly
18 involved in the activities of a licensed entity or its
19 holding company or intermediary. No beneficiary of a trust or
20 similar business entity who is a minor child shall be
21 permitted to vote to elect directors of a licensed entity or
22 its holding company or intermediary.

23 (3) No trust or similar business entity may hold any
24 beneficial interest in a licensed entity unless the board
25 determines that the trust or similar business entity is not
26 engaged in any activity or otherwise being used to evade the
27 public protections under this part, including sections 1512
28 (relating to financial and employment interests) and 1513
29 (relating to political influence).

30 Section 8.2. Sections 1327 and 1402 of Title 4 are amended

1 to read:

2 § 1327. Nontransferability of licenses.

3 A license or permit issued by the board is a grant of the
4 privilege to conduct a business in this Commonwealth. Except as
5 permitted by section 1328 (relating to change in ownership or
6 control of slot machine licensee), a license or permit granted
7 or renewed pursuant to this part shall not be sold, transferred
8 or assigned to any other person[,]; nor shall a licensee or
9 permittee pledge or otherwise grant a security interest in or
10 lien on the license or permit. Nothing contained in this part is
11 intended or shall be construed to create in any person an
12 entitlement to a license. The board has the sole discretion to
13 issue, renew, condition or deny the issuance of a slot machine
14 license based upon the purposes and requirements of this part.

15 § 1402. Gross terminal revenue deductions.

16 (a) Deductions.--After determining the appropriate
17 assessments for each slot machine licensee, the department shall
18 [deduct the following] determine costs, expenses or payments
19 from each account established under section 1401 (relating to
20 slot machine licensee deposits). The following costs and
21 expenses shall be transferred to the appropriate agency upon
22 appropriation by the General Assembly:

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

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

30 (3) Sums necessary to repay any loans made by the

1 General Fund to the department in connection with carrying
2 out its responsibilities under this part, including the costs
3 of the initial acquisition of the central control computer
4 and any accessories or associated equipment.

5 (4) The costs and expenses to be incurred by the
6 Pennsylvania State Police and the Office of Attorney General
7 and not otherwise reimbursed under this part in carrying out
8 their respective responsibilities under this part based upon
9 a budget submitted by the Pennsylvania State Police and the
10 Attorney General to and approved by the board.

11 (5) Sums necessary to repay any loans made by the
12 General Fund to the Pennsylvania State Police in connection
13 with carrying out its responsibilities under this part.

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

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

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

26 Section 8.3. Title 4 is amended by adding a section to read:

27 § 1402.1. Itemized budget reporting.

28 The board, department, Pennsylvania State Police and the
29 Attorney General shall prepare and annually submit to the
30 chairman of the Appropriations Committee of the Senate and the

chairman of the Appropriations Committee of the House of Representatives an itemized budget consisting of amounts to be appropriated out of the accounts established under section 1401 (relating to slot machine licensee deposits) necessary to administer this part.

Section 9. Section 1403(b), (c)(2)(i)(D) and (E), (ii)(E), (iii)(A), (E) and (F), (iv) and (ix), (3)(i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Title 4 are amended, subsection (c)(2)(iii) is amended by adding a clause, subsection (c)(3) is amended by adding a subparagraph and the section is amended by adding a subsection to read:

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

* * *

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

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

1 * * *

2 (2) From the local share assessment established in
3 subsection (b), make quarterly distributions among the
4 counties hosting a licensed facility in accordance with the
5 following schedule:

6 (i) If the licensed facility is a Category 1
7 licensed facility that is located at a harness racetrack
8 and the county, including a home rule county, in which
9 the licensed facility is located is:

10 * * *

11 (D) (I) A county of the third class: Except as
12 provided in subclause (II), 2% of the gross
13 terminal revenue from each such licensed facility
14 shall be deposited into a restricted account
15 established in the Department of Community and
16 Economic Development to be used exclusively for
17 grants for health, safety and economic
18 development projects to municipalities within the
19 county where the licensed facility is located.
20 Municipalities that are contiguous to the
21 municipality hosting such licensed facility shall
22 be given priority by the Department of Community
23 and Economic Development in the award of such
24 grants.

25 (II) If a licensed facility is located in
26 one of two counties of the third class where a
27 city of the third class is located in both
28 counties of the third class, the county in which
29 the licensed facility is located shall receive
30 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
city of the third class is also located or 60% to
the nonhost city of the third class located both
in the host and nonhost counties of the third
class, 35% to the nonhost county and 5% to the
nonhost county for the purpose of making
municipal grants within the county.

(E) A county of the fourth class: 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 to the county, to economic development
authorities [or organizations within the county] or
redevelopment authorities within the county for
grants for economic development projects, job
training, community improvement projects, other
projects in the public interest and reasonable
administrative costs. Notwithstanding the provisions

1 of the act of February 9, 1999 (P.L.1, No.1), known
2 as the Capital Facilities Debt Enabling Act, grants
3 made under this clause may be utilized as local
4 matching funds for other grants or loans from the
5 Commonwealth.

6 * * *

7 (ii) If the licensed facility is a Category 1
8 licensed facility and is located at a thoroughbred
9 racetrack and the county in which the licensed facility
10 is located is:

11 * * *

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

27 * * *

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

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

11 * * *

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

1 nonhost counties of the third class, 35% to the
2 nonhost county and 5% to the nonhost county for the
3 purpose of making municipal grants within the county.

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

19 (F) Counties of the fifth [through eighth
20 classes] class: 2% of the gross terminal revenue
21 from each such licensed facility shall be deposited
22 [into a restricted account established in the
23 Department of Community and Economic Development to
24 be used exclusively for grants to the county, to
25 contiguous counties, to economic development
26 authorities or organizations within the county or
27 contiguous counties or redevelopment authorities
28 within the county or contiguous counties for grants
29 for economic development projects, community
30 improvement projects, other projects in the public

1 interest and reasonable administrative costs.
2 Notwithstanding the Capital Facilities Debt Enabling
3 Act, grants made under this clause may be utilized as
4 local matching funds for other grants or loans from
5 the Commonwealth.] and distributed as follows:

6 (I) One percent shall be deposited into a
7 restricted receipts account in the Department of
8 Community and Economic Development to be used
9 exclusively for grants within the county for
10 economic development projects, community
11 improvement projects and other projects in the
12 public interest within the county. The amount
13 under this subclause includes reasonable
14 administrative costs.

15 (II) One percent shall be deposited into a
16 restricted receipts account in the Department of
17 Community and Economic Development to be used
18 exclusively for grants within contiguous counties
19 for economic development projects, community
20 improvement projects and other projects in the
21 public interest within contiguous counties. The
22 amount under this subclause includes reasonable
23 administrative costs.

24 (III) Fifty percent of any revenue required
25 to be transferred under paragraph (3)(v) shall be
26 deposited into the restricted receipts account
27 established under subclause (I); and fifty
28 percent shall be deposited into the restricted
29 receipt account established under subclause (II).
30 Notwithstanding the Capital Facilities Debt

1 Enabling act, grants made under this clause may
2 be utilized as local matching funds for other
3 grants or loans from the Commonwealth.

4 * * *

5 (iv) If the facility is a Category 3 licensed
6 facility, 2% of the gross terminal revenue from each such
7 licensed facility shall be deposited into a restricted
8 account established in the Department of Community and
9 Economic Development to be used exclusively for grants to
10 the county, to economic development authorities [or
11 organizations within the county] or redevelopment
12 authorities within the county for grants for economic
13 development projects and community improvement projects.

14 * * *

15 (ix) Nothing in this paragraph shall prevent any of
16 the above counties which directly receive a distribution
17 under this section from entering into intergovernmental
18 cooperative agreements with other jurisdictions for
19 sharing this money.

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

24 (i) To a city of the second class hosting a licensed
25 facility [or facilities], other than a Category 3
26 licensed facility, 2% of the gross terminal revenue or
27 \$10,000,000 annually, whichever is greater, [of all
28 licensed facilities] shall be paid by each licensed
29 gaming entity operating a facility located in that city.

30 In the event that the revenues generated by the 2% do not

1 meet the \$10,000,000 minimum specified in this
2 [paragraph, the licensed gaming entity operating the
3 licensed facility or facilities in the city shall remit
4 the difference to the municipality.] subparagraph, the
5 department shall collect the remainder of the minimum
6 amount of \$10,000,000 from each licensed gaming entity
7 operating a facility in the city and deposit that amount
8 in the city treasury.

9 (ii) To a city of the second class A hosting a
10 licensed facility [or facilities], other than a Category
11 3 licensed facility, 2% of the gross terminal revenue or
12 \$10,000,000 annually, whichever is greater, [of all
13 licensed facilities] shall be paid by each licensed
14 entity operating a licensed facility located in that city
15 subject, however, to the budgetary limitation in this
16 subparagraph. The amount allocated to the designated
17 municipalities shall not exceed 50% of their total budget
18 for fiscal year 2003-2004, adjusted for inflation in
19 subsequent years by an amount not to exceed an annual
20 cost-of-living adjustment calculated by applying the
21 percentage change in the Consumer Price Index [for All
22 Urban Consumers for the Pennsylvania, New Jersey,
23 Delaware and Maryland area, for the most recent 12-month
24 period for which figures have been officially reported by
25 the United States Department of Labor, Bureau of Labor
26 Statistics,] immediately prior to the date the adjustment
27 is due to take effect. Any remaining moneys shall be
28 collected by the department from each licensed gaming
29 entity and distributed in accordance with paragraph (2)
30 based upon the classification of county where the

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

11 (iii) To a city of the third class hosting a
12 licensed facility [or facilities], other than a Category
13 3 licensed facility, 2% of the gross terminal revenue or
14 \$10,000,000 annually, whichever is greater, [of all
15 licensed facilities] shall be paid by each licensed
16 gaming entity operating a licensed facility located in
17 that city subject, however, to the budgetary limitation
18 in this subparagraph. [However, the foregoing limitations
19 shall not apply, notwithstanding any provision to the
20 contrary, if the licensed facility or facilities have
21 executed a written agreement with the city prior to the
22 effective date of this part to provide additional
23 compensation to the city in excess of the difference
24 between 2% of the gross terminal revenue and
25 \$10,000,000.] In the event that the city has a written
26 agreement with a licensed gaming entity executed prior to
27 the effective date of this part, the amount paid under
28 the agreement to the city shall be applied and credited
29 to the difference between 2% of the gross terminal
30 revenue and the \$10,000,000 owed under this subparagraph

1 if the 2% of the gross terminal revenue is less than
2 \$10,000,000. If 2% of the gross terminal revenue is
3 greater than the \$10,000,000 required to be paid under
4 this subparagraph, the credit shall not apply. The amount
5 of gross terminal revenue required to be paid pursuant to
6 the agreement shall be deemed to be gross terminal
7 revenue for purposes of this subparagraph. The amount
8 allocated to the designated municipalities shall not
9 exceed 50% of their total budget for fiscal year 2003-
10 2004, adjusted for inflation in subsequent years by an
11 amount not to exceed an annual cost-of-living adjustment
12 calculated by applying the percentage change in the
13 Consumer Price Index [for All Urban Consumers for the
14 Pennsylvania, New Jersey, Delaware and Maryland area, for
15 the most recent 12-month period for which figures have
16 been officially reported by the United States Department
17 of Labor, Bureau of Labor Statistics,] immediately prior
18 to the date the adjustment is due to take effect. Any
19 remaining moneys shall be collected by the department
20 from each licensed gaming entity and distributed in
21 accordance with paragraph (2) based upon the
22 classification of county where the licensed facility [or
23 facilities] is located. In the event that the revenues
24 generated by the 2% do not meet the \$10,000,000 minimum
25 specified in this subparagraph, [the licensed gaming
26 entity operating the licensed facility or facilities in
27 the city shall remit the difference to the municipality.]
28 the department shall collect the remainder of the minimum
29 amount of \$10,000,000 from each licensed gaming entity
30 operating a facility, pay any balance due to the city of

1 the third class and transfer any remainder in accordance
2 with paragraph (2).

3 (iii.1) If a licensed facility is located in a city
4 of the third class and the city is located in more than
5 one county of the third class, 2% of the gross terminal
6 revenue or \$10,000,000 annually, whichever is greater,
7 shall be distributed as follows: 80% to the host city and
8 20% to the city of the third class located solely in a
9 nonhost county in which the host city of the third class
10 is also located. If a licensed facility is located in a
11 city of the third class and that city is located solely
12 in a host county of the third class in which a nonhost
13 city of the third class is also located, 2% of gross
14 terminal revenue or \$10,000,000 annually, whichever is
15 greater, shall be distributed as follows: 80% to the
16 host city and 20% to a city of the third class located
17 both in a nonhost county of the third class and in a host
18 county of the third class in which the host city of the
19 third class is located.

20 (iv) To a township of the first class hosting a
21 licensed facility [or facilities], other than a Category
22 3 licensed facility, 2% of the gross terminal revenue or
23 \$10,000,000 annually, whichever is greater, [of all
24 licensed facilities] shall be paid by each licensed
25 gaming entity operating a licensed facility located in
26 the township subject, however, to the budgetary
27 limitation in this subparagraph. The amount allocated to
28 the designated municipalities shall not exceed 50% of
29 their total budget for fiscal year 2003-2004, adjusted
30 for inflation in subsequent years by an amount not to

1 exceed an annual cost-of-living adjustment calculated by
2 applying the percentage change in the Consumer Price
3 Index [for All Urban Consumers for the Pennsylvania, New
4 Jersey, Delaware and Maryland area, for the most recent
5 12-month period for which figures have been officially
6 reported by the United States Department of Labor, Bureau
7 of Labor Statistics,] immediately prior to the date the
8 adjustment is due to take effect. Any remaining money
9 shall be collected by the department from each licensed
10 gaming entity and distributed in accordance with
11 paragraph (2) based upon the classification of county
12 where the licensed facility [or facilities] is located.
13 In the event that the revenues generated by the 2% do not
14 meet the \$10,000,000 minimum specified in this
15 subparagraph, [the licensed gaming entity operating the
16 licensed facility or facilities in the township shall
17 remit the difference to the municipality.] the department
18 shall collect the remainder of the minimum amount of
19 \$10,000,000 from each licensed gaming entity operating a
20 licensed facility in the township, pay any balance due to
21 the township and transfer any remainder in accordance
22 with paragraph (2).

23 (v) To a township of the second class hosting a
24 licensed facility [or facilities], other than a Category
25 3 licensed facility, 2% of the gross terminal revenue or
26 \$10,000,000 annually, whichever is greater, [of all
27 licensed facilities] shall be paid by each licensed
28 gaming entity operating a licensed facility located in
29 the township subject, however, to the budgetary
30 limitation in this subparagraph. The amount allocated to

1 the designated municipalities shall not exceed 50% of
2 their total budget for fiscal year 2003-2004, adjusted
3 for inflation in subsequent years by an amount not to
4 exceed an annual cost-of-living adjustment calculated by
5 applying the percentage change in the Consumer Price
6 Index [for All Urban Consumers for the Pennsylvania, New
7 Jersey, Delaware and Maryland area, for the most recent
8 12-month period for which figures have been officially
9 reported by the United States Department of Labor, Bureau
10 of Labor Statistics,] immediately prior to the date the
11 adjustment is due to take effect. Any remaining money
12 shall be collected by the department from each licensed
13 gaming entity and distributed in accordance with
14 paragraph (2) based upon the classification of county
15 where the licensed facility [or facilities] is located.
16 Where the licensed facility is other than a Category 3
17 and is located in more than one second class township the
18 county commissioners of the county of the third class in
19 which the facility is located shall appoint an advisory
20 committee for the purpose of advising the county as to
21 the need for municipal grants for health, safety,
22 transportation and other projects in the public interest
23 to be comprised of two individuals from the host
24 municipality, two from contiguous municipalities within
25 the county of the third class and one from the host
26 county. A county other than a county of the third class
27 in which the licensed facility is located is not required
28 to appoint an advisory committee and may use funds
29 received under this subparagraph for purposes other than
30 municipal grants. In the event that the revenues

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

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

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

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

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

16 (viii) To a municipality of any class hosting a
17 Category 3 facility, 2% of the gross terminal revenue
18 from the Category 3 licensed facility located in the
19 municipality, subject, however, to the budgetary
20 limitation in this subparagraph. The amount allocated to
21 the designated municipalities shall not exceed 50% of
22 their total budget for fiscal year 2003-2004, adjusted
23 for inflation in subsequent years by an amount not to
24 exceed an annual cost-of-living adjustment calculated by
25 applying the percentage change in the Consumer Price
26 Index [for All Urban Consumers for the Pennsylvania, New
27 Jersey, Delaware and Maryland area, for the most recent
28 12-month period for which figures have been officially
29 reported by the United States Department of Labor, Bureau
30 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 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) 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 the daily assessment cap affects daily assessments, the distribution to each active and operating Category 1 licensee conducting live racing for that day shall be a percentage of the total daily assessments paid into the Pennsylvania Race

1 Horse Development Fund for that day equal to the gross
2 terminal revenue of each active and operating Category 1
3 licensee conducting live racing for that day divided by the
4 total gross terminal revenue of all active and operating
5 Category 1 licensees conducting live racing for that day. The
6 distributions to licensed racing entities from the
7 Pennsylvania Race Horse Development Fund shall be allocated
8 as follows:

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

17 (ii) [From licensees that operate at] For
18 thoroughbred tracks, 16% [to] shall be deposited on a
19 monthly basis into the Pennsylvania Breeding Fund as
20 defined in section 223 of the Race Horse Industry Reform
21 Act. [From licensees that operate at] For standardbred
22 tracks, 8% [to] shall be deposited on a monthly basis in
23 the Pennsylvania Sire Stakes Fund as defined in section
24 224 of the Race Horse Industry Reform Act and 8% [to]
25 shall be deposited on a monthly basis into a restricted
26 account in the State Racing Fund to be known as the
27 Pennsylvania Standardbred Breeders Development Fund. The
28 State Harness Racing Commission shall, in consultation
29 with the Secretary of Agriculture by rule or by
30 regulation, adopt a standardbred breeders program that

1 will include the administration of Pennsylvania Stallion
2 Award, Pennsylvania Bred Award and a Pennsylvania Sired
3 and Bred Award.

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

24 (2) (Reserved).

25 * * *

26 § 1506. [Local land use preemption.

27 The conduct of gaming as permitted under this part, including
28 the physical location of any licensed facility, shall not be
29 prohibited or otherwise regulated by any ordinance, home rule
30 charter provision, resolution, rule or regulation of any

1 political subdivision or any local or State instrumentality or
2 authority that relates to zoning or land use to the extent that
3 the licensed facility has been approved by the board. The board
4 may in its discretion consider such local zoning ordinances when
5 considering an application for a slot machine license. The board
6 shall provide the political subdivision, within which an
7 applicant for a slot machine license has proposed to locate a
8 licensed gaming facility, a 60-day comment period prior to the
9 board's final approval, condition or denial of approval of its
10 application for a slot machine license. The political
11 subdivision may make recommendations to the board for
12 improvements to the applicant's proposed site plans that take
13 into account the impact on the local community, including, but
14 not limited to, land use and transportation impact. This section
15 shall also apply to any proposed racetrack or licensed
16 racetrack.] Licensed facility zoning and land use appeals.

17 In order to facilitate timely implementation of casino gaming
18 as provided in this part, notwithstanding 42 Pa.C.S. § 933(a)(2)
19 (relating to appeals from government agencies), the Supreme
20 Court of Pennsylvania is vested with exclusive appellate
21 jurisdiction to consider appeals of a final order, determination
22 or decision of a political subdivision or local instrumentality
23 involving zoning, usage, layout, construction or occupancy,
24 including location, size, bulk and use of a licensed facility.
25 The court, as appropriate, may appoint a master to hear an
26 appeal under this section.

27 ~~Section 9.2. Title 4 is amended by adding sections to read:~~ <—
28 ~~§ 1506.1. Conveyances in cities of the first class.~~

29 ~~(a) Intention. In order to maximize the policy mandates of~~
30 ~~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 written 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~~

1 ~~facility.~~

2 ~~(c) Consideration. The consideration to be paid to the~~
3 ~~Commonwealth by the grantee for the granted area shall be~~
4 ~~determined by the Department of General Services with the~~
5 ~~approval of the Governor based on an appraisal of fair market~~
6 ~~value obtained from an independent appraiser who is experienced~~
7 ~~in appraising riparian interests and commercial real estate in~~
8 ~~cities of the first class and who is a member of the Appraisal~~
9 ~~Institute or similar professional organization.~~

10 ~~§ 1506.2. Clean indoor air.~~

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

14 Section 10. Sections 1509(a), (b) and (d) and 1512 of Title
15 4 are amended to read:

16 § 1509. Compulsive and problem gambling program.

17 (a) Establishment of program.--The Department of Health, in
18 consultation with organizations similar to the Mid-Atlantic
19 Addiction Training Institute, shall develop program guidelines
20 for public education, awareness and training regarding
21 compulsive and problem gambling and the treatment and prevention
22 of compulsive and problem gambling. The guidelines shall include
23 strategies for the prevention of compulsive and problem
24 gambling. The Department of Health may consult with the board
25 and licensed gaming entities to develop such strategies. The
26 program shall include:

27 (1) Maintenance of a compulsive gamblers assistance
28 organization's toll-free problem gambling telephone number to
29 provide crisis counseling and referral services to families
30 experiencing difficulty as a result of problem or compulsive

1 gambling.

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

4 (3) Facilitation, through in-service training and other
5 means, of the availability of effective assistance programs
6 for problem and compulsive gamblers and family members
7 affected by problem and compulsive gambling.

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

11 (5) Providing grants to and contracting with
12 organizations which provide services as set forth in this
13 section.

14 (6) Providing reimbursement for organizations for
15 reasonable expenses in assisting the Department of Health in
16 carrying out the purposes of this section.

17 (b) Compulsive and Problem Gambling Treatment Fund.--There
18 is hereby established in the State Treasury a special fund to be
19 known as the Compulsive and Problem Gambling Treatment Fund. All
20 moneys in the fund shall be expended for programs for the
21 prevention and treatment of gambling addiction and other
22 emotional and behavioral problems associated with or related to
23 gambling addiction and for the administration of the compulsive
24 and problem gambling program. The fund shall consist of money
25 annually allocated to it from the annual payment established
26 under section 1408 (relating to transfers from State Gaming
27 Fund), money which may be allocated by the board, interest
28 earnings on moneys in the fund and any other contributions,
29 payments or deposits which may be made to the fund.

30 * * *

1 (d) Single county authorities.--The Department of Health may
2 make grants from the fund established under subsection (b) to a
3 single county authority created pursuant to the act of April 14,
4 1972 (P.L.221, No.63), known as the Pennsylvania Drug and
5 Alcohol Abuse Control Act, for the purpose of providing
6 compulsive gambling and gambling [addition] addiction
7 prevention, treatment and education programs. It is the
8 intention of the General Assembly that any grants that the
9 Department of Health may make to any single county authority in
10 accordance with the provisions of this subsection be used
11 exclusively for the development and implementation of compulsive
12 and problem gambling programs authorized under subsection (a).

13 * * *

14 § 1512. [Public official financial interest.] Financial and
15 employment interests.

16 [(a) General rule.--Except as may be provided by rule or
17 order of the Pennsylvania Supreme Court, no executive-level
18 State employee, public official, party officer or immediate
19 family member thereof shall have, at or following the effective
20 date of this part, a financial interest in or be employed,
21 directly or indirectly, by any licensed racing entity or
22 licensed gaming entity, or any holding, affiliate, intermediary
23 or subsidiary company, thereof, or any such applicant, nor
24 solicit or accept, directly or indirectly, any complimentary
25 service or discount from any licensed racing entity or licensed
26 gaming entity which he or she knows or has reason to know is
27 other than a service or discount that is offered to members of
28 the general public in like circumstances during his or her
29 status as an executive-level State employee, public official or
30 party officer and for one year following termination of the

1 person's status as an executive-level State employee, public
2 official or party officer.]

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

15 (a.1) Employment.--Except as may be provided by rule or
16 order of the Pennsylvania Supreme Court, no executive-level
17 public employee, public official or party officer, or an
18 immediate family member thereof, shall be employed by an
19 applicant or a slot machine licensee, manufacturer licensee,
20 supplier licensee or licensed racing entity, or by any holding
21 company, affiliate, intermediary or subsidiary thereof, while
22 the individual is an executive-level public employee, public
23 official or party officer and for one year following termination
24 of the individual's status as an executive-level public
25 employee, public official or party officer.

26 (a.2) Complimentary services.--

27 (1) No executive-level public employee, public official
28 or party officer, or an immediate family member thereof,
29 shall solicit or accept, any complimentary service from an
30 applicant or a slot machine licensee, manufacturer licensee,

1 supplier licensee or licensed racing entity, or from any
2 affiliate, intermediary, subsidiary or holding company
3 thereof, which the executive-level public employee, public
4 official or party officer, or an immediate family member
5 thereof, knows or has reason to know is other than a service
6 or discount which is offered to members of the general public
7 in like circumstances.

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

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

27 (a.4) Divestiture.--An executive-level public employee,
28 public official or party officer, or an immediate family member
29 thereof, who holds a financial interest prohibited by this
30 section shall divest the financial interest within three months

1 of the effective date of the restrictions set forth in
2 subsection (a), as applicable. Thereafter, any executive-level
3 public employee, public official, party officer or immediate
4 family member shall have 30 days from the date the individual
5 knew or had reason to know of the violation or 30 days from the
6 publication in the Pennsylvania Bulletin under § 1202(b)(27)
7 (relating to General and specific powers) of the application or
8 licensure of the executive-level public employee, public
9 official, party officer or immediate family member, whichever
10 occurs earlier, to divest the financial interest. The Ethics
11 Commission may, for good cause, extend the time period under
12 this subsection.

13 (a.5) Ethics Commission.--The Ethics Commission shall
14 publish a list of all State, county, municipal and other
15 government positions that meet the definitions of "public
16 official" or "executive-level public employee" under subsection
17 (b). The Office of Administration shall assist the Ethics
18 Commission in the development of the list, which shall be
19 published in the Pennsylvania Bulletin biennially and on the
20 board's website. Upon request, each public official shall have a
21 duty to provide the Ethics Commission with adequate information
22 to accurately develop and maintain the list. The Ethics
23 Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f)
24 (relating to penalties) upon any public official or executive-
25 level public employee who fails to cooperate with the Ethics
26 Commission under this subsection.

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

30 "Executive-level [State] public employee." [The Governor,

1 Lieutenant Governor, cabinet members, deputy secretaries, the
2 Governor's office executive staff, any State employee with
3 discretionary powers which may affect the outcome of a State
4 agency's decision in relation to a private corporation or
5 business, with respect to any matter covered by this part or any
6 executive employee who by virtue of his job function could
7 influence the outcome of such a decision.] The term shall
8 include the following:

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

11 (2) An employee of the Executive Branch with
12 discretionary power which may affect or influence the outcome
13 of a State agency's action or decision and who is involved in
14 the development of regulations or policies relating to a
15 licensed entity or who is involved in other matters under
16 this part. The term shall include an employee with law
17 enforcement authority.

18 (3) An employee of a county or municipality with
19 discretionary powers which may affect or influence the
20 outcome of the county's or municipality's action or decision
21 and who is involved in the development of law, regulation or
22 policy relating to a licensed entity or who is involved in
23 other matters under this part. The term shall include an
24 employee with law enforcement authority.

25 (4) An employee of a department, agency, board,
26 commission, authority or other governmental body not included
27 in paragraph (1), (2) or (3) with discretionary power which
28 may affect or influence the outcome of the governmental
29 body's action or decision and who is involved in the
30 development of regulation or policy relating to a licensed

1 entity or who is involved in other matters under this part.

2 The term shall include an employee with law enforcement
3 authority.

4 "Financial interest." Owning or holding, or being deemed to
5 hold, debt or equity securities [exceeding 1% of the equity or
6 fair market value of the licensed racing entity or licensed
7 gaming entity, its holding company, affiliate, intermediary or
8 subsidiary business.] or other ownership interest or profits
9 interest. A financial interest shall not include any [such stock
10 that is held in a blind trust over which the executive-level
11 State employee, public official, party officer or immediate
12 family member thereof may not exercise any managerial control or
13 receive income during the tenure of office and the period under
14 subsection (a).] debt or equity security, or other ownership
15 interest or profits interest, which is held or deemed to be held
16 in any of the following:

17 (1) A blind trust over which the executive level public
18 employee, public official, party officer or immediate family
19 member thereof may not exercise any managerial control or
20 receive income during the tenure of office and the period
21 under subsection (a). The provisions of this paragraph shall
22 apply only to blind trusts established prior to the effective
23 date of this paragraph.

24 (2) Securities that are held in a pension plan, profit-
25 sharing plan, individual retirement account, tax sheltered
26 annuity, a plan established pursuant to section 457 of the
27 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
28 1 et seq.), or any successor provision, deferred compensation
29 plan whether qualified or not qualified under the Internal
30 Revenue Code of 1986, or any successor provision, or other

1 retirement plan that:

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

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

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

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

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

16 "Law enforcement authority." The power to conduct
17 investigations of or to make arrests for criminal offenses.

18 "Party officer." A member of a national committee; a
19 chairman, vice chairman, secretary, treasurer or counsel of a
20 State committee or member of the executive committee of a State
21 committee; a county chairman, vice chairman, counsel, secretary
22 or treasurer of a county committee in which a licensed facility
23 is located; or a city chairman, vice chairman, counsel,
24 secretary or treasurer of a city committee of a city in which a
25 licensed facility is located.

26 ["Public official." Any person elected by the public or
27 elected or appointed by a governmental body or an appointed
28 official in the executive, legislative or judicial branch of
29 this Commonwealth or any political subdivision thereof, provided
30 that it shall not include members of advisory boards that have

1 no authority to expend public funds other than reimbursement for
2 personal expense or to otherwise exercise the power of the
3 Commonwealth or any political subdivision or commissioner of any
4 authority or joint-state commission.]

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

6 (1) The Governor, Lieutenant Governor, a member of the
7 Governor's cabinet, Treasurer, Auditor General and Attorney
8 General of the Commonwealth.

9 (2) A member of the Senate or House of Representatives
10 of the Commonwealth.

11 (3) An individual elected or appointed to any office of
12 a county or municipality that directly receives a
13 distribution of revenue under this part.

14 (4) An individual elected or appointed to a department,
15 agency, board, commission, authority or other governmental
16 body not included in paragraph (1), (2) or (3) that directly
17 receives a distribution of revenue under this part.

18 (5) An individual elected or appointed to a department,
19 agency, board, commission, authority, county, municipality or
20 other governmental body not included in paragraph (1), (2) or
21 (3) with discretionary power which may influence or affect
22 the outcome of an action or decision and who is involved in
23 the development of regulation or policy relating to a
24 licensed entity or who is involved in other matters under
25 this part.

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

1 relating to a licensed facility.

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

4 § 1513. Political influence.

5 [(a) Contribution restriction.--An applicant for a slot
6 machine license, manufacturer license or supplier license,
7 licensed racing entity licensee, licensed manufacturer, licensed
8 supplier or licensed gaming entity, or a person that holds a
9 similar gaming license or permit or a controlling interest in a
10 gaming license or permit in another jurisdiction, or any
11 holding, affiliate, intermediary or subsidiary company thereof,
12 or any officer, director or key employee of such applicant
13 licensed manufacturer or licensed supplier, licensed racing
14 entity or licensed gaming entity or any holding, affiliate,
15 intermediary or subsidiary company thereof, shall be prohibited
16 from contributing any money or in-kind contribution to a
17 candidate for nomination or election to any public office in
18 this Commonwealth, or to any political committee or State party
19 in this Commonwealth or to any group, committee or association
20 organized in support of any such candidate, political committee
21 or State party.]

22 (a) Contribution restriction.--The following persons shall
23 be prohibited from contributing any money or in-kind
24 contribution to a candidate for nomination or election to any
25 public office in this Commonwealth, or to any political party
26 committee or other political committee in this Commonwealth or
27 to any group, committee or association organized in support of a
28 candidate, political party committee or other political
29 committee in this Commonwealth:

30 (1) An applicant for a slot machine license,

1 manufacturer license, supplier license, principal license or, <—
2 key employee license, OR HORSE OR HARNESS RACING LICENSE. <—

3 (2) A slot machine licensee, licensed manufacturer,
4 licensed supplier or licensed racing entity.

5 (3) A licensed principal or licensed key employee of a
6 slot machine licensee, licensed manufacturer, licensed
7 supplier or licensed racing entity.

8 (4) An affiliate, intermediary, subsidiary or holding
9 company of a slot machine licensee, licensed manufacturer,
10 licensed supplier or licensed racing entity.

11 (5) A licensed principal or licensed key employee of an
12 affiliate, intermediary, subsidiary or holding company of a
13 slot machine licensee, licensed manufacturer, licensed
14 supplier or licensed racing entity.

15 (6) A person who holds a similar gaming license in
16 another jurisdiction and the affiliates, intermediaries,
17 subsidiaries, holding companies, principals or key employees
18 thereof.

19 (a.1) Contributions to certain associations and
20 organizations barred.--The individuals prohibited from making
21 political contributions under subsection (a) shall not make a
22 political contribution of money or an in-kind contribution to
23 any association or organization, including a nonprofit
24 organization, that has been solicited by, or knowing that the
25 contribution or a portion thereof will be contributed to the
26 elected official, executive-level public employee or candidate
27 for nomination or election to a public office in this
28 Commonwealth.

29 (a.2) Internet website.--

30 (1) The board shall establish an Internet website that

1 includes a list of all applicants for and holders of a slot
2 machine license, manufacturer license, supplier license or
3 racing entity license, and the affiliates, intermediaries,
4 subsidiaries, holding companies, principals and key employees
5 thereof, all persons holding a similar gaming license in
6 another jurisdiction and the affiliates, intermediaries,
7 subsidiaries, holding companies, principals and key employees
8 thereof, and any other entity in which the applicant or
9 licensee has any debt or equity security or other ownership
10 or profits interest. An applicant or licensee shall notify
11 the board within seven days of the discovery of any change in
12 or addition to the information. The list shall be published
13 semiannually in the Pennsylvania Bulletin.

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

18 (3) The board shall request the information required
19 under paragraph (1) from persons licensed in another
20 jurisdiction who do not hold a license in this Commonwealth
21 and from regulatory agencies in the other jurisdiction. If a
22 licensee in another jurisdiction refuses to provide the
23 information required under paragraph (1), the person and its
24 officers, directors or persons with a controlling interest
25 shall be ineligible to receive any license under this part.

26 * * *

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

30 "Contribution." Any payment, gift, subscription, assessment,

1 contract, payment for services, dues, loan, forbearance, advance
2 or deposit of money or any valuable thing, made to a candidate
3 or political committee for the purpose of influencing any
4 election in this Commonwealth or for paying debts incurred by or
5 for a candidate or committee before or after any election. The
6 term shall include the purchase of tickets for events including
7 dinners, luncheons, rallies and other fund-raising events; the
8 granting of discounts or rebates not available to the general
9 public; or the granting of discounts or rebates by television
10 and radio stations and newspapers not extended on an equal basis
11 to all candidates for the same office; and any payments provided
12 for the benefit of any candidate, including payments for the
13 services of a person serving as an agent of a candidate or
14 committee by a person other than the candidate or committee or
15 person whose expenditures the candidate or committee must
16 report. The term also includes any receipt or use of anything of
17 value received by a political committee from another political
18 committee and also includes any return on investments by a
19 political committee.

20 "Political committee." Any committee, club, association or
21 other group of persons which receives contributions or makes
22 expenditures.

23 Section 12. Section 1517(a), (c) and (d) of Title 4 are
24 amended and the section is amended by adding subsections to
25 read:

26 § 1517. [Enforcement.] Investigations and enforcement.

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

29 (1) Promptly investigate all licensees, permittees and
30 applicants as directed by the board in accordance with the

1 provisions of section 1202 (relating to general and specific
2 powers).

3 (2) Enforce the rules and regulations promulgated under
4 this part.

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

7 (4) Provide the board with all information necessary for
8 all action under this part and for all proceedings involving
9 enforcement of this part or regulations promulgated under
10 this part.

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

13 (6) Conduct administrative inspections on the premises
14 of a licensed racetrack or nonprimary location or licensed
15 facility to ensure compliance with this part and the
16 regulations of the board and, in the course of inspections,
17 review and make copies of all documents and records that may
18 be required through onsite observation and other reasonable
19 means to assure compliance with this part and regulations
20 promulgated under this part.

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

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

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

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

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

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

1 ensure compliance with this part. An audit may include the
2 review of accounting, administrative and financial records,
3 management control systems, procedures and other records
4 utilized by a licensed entity.

5 (7) Refer possible criminal violations to the
6 Pennsylvania State Police. The bureau shall not have the
7 power of arrest.

8 (8) Cooperate in the investigation and prosecution of
9 criminal violations related to this part.

10 (9) Be a criminal justice agency under 18 Pa.C.S. Ch. 91
11 (relating to criminal history record information).

12 (a.2) Office of Enforcement Counsel.--

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

17 (i) Advise the bureau on all matters, including the
18 granting of licenses, permits or registrations, the
19 conduct of background investigations, audits and
20 inspections and the investigation of potential violations
21 of this part.

22 (ii) File recommendations and objections relating to
23 the issuance of licenses, permits and registrations on
24 behalf of the bureau.

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

28 (2) The director of the Office of Enforcement Counsel
29 shall report to the executive director of the board on
30 administrative matters. The director shall be selected by the

1 board and shall be an attorney admitted to practice before
2 the Pennsylvania Supreme Court.

3 * * *

4 (c) Powers and duties of the Pennsylvania State Police.--The
5 Pennsylvania State Police shall have the following powers and
6 duties:

7 (1) Promptly [investigate all licensees, permittees and
8 applicants] conduct background investigations on persons as
9 directed by the board in accordance with the provisions of
10 section 1202 (relating to general and specific powers). The
11 Pennsylvania State Police may contract with other law
12 enforcement annuitants to assist in the conduct of
13 investigations under this paragraph.

14 [(2) Enforce the rules and regulations promulgated under
15 this part.]

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

18 (4) Provide the board with all information necessary for
19 all actions under this part for all proceedings involving
20 criminal enforcement of this part [or regulations promulgated
21 under this part].

22 (5) Inspect, when appropriate, a licensee's or
23 permittee's person and personal effects present in a licensed
24 facility under this part while that licensee or permittee is
25 present at a licensed facility.

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

28 (7) Fingerprint applicants for licenses and permits.

29 (8) Exchange fingerprint data with and receive national
30 criminal history record information from the FBI for use in

1 investigating applications for any license or permit under
2 this part.

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

5 (10) Require the production of any information, material
6 and other data from any licensee, permittee or other
7 applicant seeking approval from the board.

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

17 (12) Conduct audits or verification of information of
18 slot machine operations at such times, under such
19 circumstances and to such extent as the bureau determines.
20 This paragraph includes reviews of accounting, administrative
21 and financial records and management control systems,
22 procedures and records utilized by a slot machine licensee.

23 (13) A member of the Pennsylvania State Police assigned
24 to duties of enforcement under this part shall not be counted
25 toward the complement as defined in the act of December 13,
26 2001 (P.L.903, No.100), entitled "An act repealing in part a
27 limitation on the complement of the Pennsylvania State
28 Police."

29 (c.1) Powers and duties of Attorney General.--Within the
30 Office of Attorney General, the Attorney General shall establish

1 a gaming unit. The unit shall investigate and institute criminal
2 proceedings as authorized by subsection (d).

3 (d) Criminal action.--

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

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

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

27 * * *

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

29 § 1517.1. (Reserved).

30 § 1517.2. Conduct of public officials and employees.

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

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

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

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

17 § 1518. Prohibited acts; penalties.

18 (a) Criminal offenses.--

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

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

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

30 (ii) attempt in any manner to evade or defeat any

1 license fee, tax or assessment imposed under this [party]
2 part.

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

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

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

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

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

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

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

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

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

29 (ii) An authorized employee of a licensee or a
30 member of the board may possess and use a device referred

1 to in subparagraph (i) [only] in the performance of the
2 duties of employment.

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

11 (9.1) It shall be unlawful for a person to sell, offer
12 for sale, represent or pass off as lawful any device,
13 equipment or material which the person or licensed entity
14 knows has been manufactured, distributed, sold, tampered with
15 or serviced in violation of this part.

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

22 (11) It [is] shall be unlawful for a licensed gaming
23 entity that is a licensed racing entity and that has lost the
24 license issued to it by either the State Horse Racing
25 Commission or the State Harness Racing Commission under the
26 Race Horse Industry Reform Act or that has had that license
27 suspended to operate slot machines at the racetrack for which
28 its slot machine license was issued unless the license issued
29 to it by either the State Horse Racing Commission or the
30 State Harness Racing Commission will be subsequently reissued

1 or reinstated within 30 days after the loss or suspension.

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

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

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

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

13 (b) Criminal penalties and fines.--

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

1 required by this part commits a felony of the second
2 degree.

3 (ii) A person that violates subsection (a)(2)
4 through (12) commits a misdemeanor of the first degree. A
5 person that is convicted of a second or subsequent
6 violation of subsection (a)(2) through (12) commits a
7 felony of the second degree.

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

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

13 (B) not less than \$300,000 nor more than
14 \$600,000 if the person is a licensed gaming entity;
15 or

16 (C) not less than \$150,000 nor more than
17 \$300,000 if the person is a licensed manufacturer or
18 supplier.

19 (ii) For a second or subsequent violation of
20 subsection (a)(1) through (12), a person shall be
21 sentenced to pay a fine of:

22 (A) not less than \$150,000 nor more than
23 \$300,000 if the person is an individual;

24 (B) not less than \$600,000 nor more than
25 \$1,200,000 if the person is a licensed gaming entity;
26 or

27 (C) not less than \$300,000 nor more than
28 \$600,000 if the person is a licensed manufacturer or
29 supplier.

30 (c) Board-imposed administrative sanctions.--

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

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

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

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

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

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

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

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

30 (viii) Enter cease and desist orders which specify

1 the conduct which is to be discontinued, altered or
2 implemented by the licensee or permittee.

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

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

24 (3) In addition to any other fines or penalties that the
25 board may impose under this part or regulation, if a person
26 violates subsection (a)(2), the board shall impose an
27 administrative penalty of three times the amount of the
28 license fee, tax or other assessment evaded and not paid,
29 collected or paid over. This subsection is subject to 2
30 Pa.C.S. Chs. 5 Subch. A and 7 Subch. A.

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

2 § 1519. [(Reserved).] Detention.

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

16 § 1522. Interception of oral communications.

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

23 Section 16. Sections 1801 and 1802 of Title 4 are amended to
24 read:

25 § 1801. Duty to provide.

26 Notwithstanding the provisions of the Race Horse Industry
27 Reform Act or this part, the Pennsylvania State Police shall, at
28 the request of the commissions or the board, provide criminal
29 history background investigations, which shall include records
30 of criminal arrests [or] and convictions, no matter where

1 occurring, including Federal criminal history record
2 information, on applicants for licensure and permit applicants
3 by the respective agencies pursuant to the Race Horse Industry
4 Reform Act or this part. Requests for criminal history
5 background investigations may, at the direction of the
6 commissions or the board, include, but not be limited to,
7 officers, directors and stockholders of licensed corporations,
8 key employees, financial backers, principals, gaming employees,
9 horse owners, trainers, jockeys, drivers and other persons
10 participating in thoroughbred or harness horse meetings and
11 other persons and vendors who exercise their occupation or
12 employment at such meetings, licensed facilities or licensed
13 [racetrack] racetracks. For the purposes of this [chapter] part,
14 the board and commissions may receive and retain information
15 otherwise protected by 18 Pa.C.S. Ch. 91 (relating to criminal
16 history record information).

17 § 1802. Submission of fingerprints and photographs.

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

29 Photographing pursuant to this part shall require submission to
30 photographs of the face and any scars, marks or tattoos for

1 purposes of comparison utilizing an automated biometric imaging
2 system. The Pennsylvania State Police shall submit [the]
3 fingerprints [if necessary] when requested by the commissions or
4 the board to the Federal Bureau of Investigation for purposes of
5 verifying the identity of the applicants and obtaining records
6 of criminal arrests and convictions in order to prepare criminal
7 history background investigations under section 1801 (relating
8 to duty to provide). [The] Fingerprints and photographs obtained
9 pursuant to this part may be maintained by the commissions, the
10 board and the Pennsylvania State Police for use pursuant to this
11 part and for general law enforcement purposes. In addition to
12 any other fee or cost assessed by the commissions or the board,
13 an applicant shall pay for the cost of fingerprinting and
14 photographing.

15 Section 17. Title 4 is amended by adding a section to read:
16 § 1901.1. Repayments to the State Gaming Fund.

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

26 Section 18. Section 911(h)(1) of Title 18 is amended to
27 read:

28 § 911. Corrupt organizations.

29 * * *

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

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

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

Chapter 25 (relating to criminal homicide)

Section 2706 (relating to terroristic threats)

Chapter 29 (relating to kidnapping)

Chapter 33 (relating to arson, etc.)

Chapter 37 (relating to robbery)

Chapter 39 (relating to theft and related offenses)

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

Section 4109 (relating to rigging publicly exhibited contest)

Section 4117 (relating to insurance fraud)

Chapter 47 (relating to bribery and corrupt influence)

Chapter 49 (relating to falsification and intimidation)

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

Section 5512 through 5514 (relating to gambling)

Chapter 59 (relating to public indecency).

(ii) [any] An offense indictable under section 13 of the act of April 14, 1972 (P.L.233, No.64), known as The 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

1 paragraph; or], (ii) or (v).

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

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

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

16 * * *

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

20 Section 20. This act shall take effect immediately.