

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1331 Session of
2008

INTRODUCED BY PICCOLA, RAFFERTY, ORIE, GREENLEAF, PIPPY,
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APRIL 7, 2008

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
APRIL 7, 2008

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, in gaming, further providing for legislative
3 intent; further defining "bureau"; defining "division";
4 further providing for Pennsylvania Gaming Control Board, for
5 applicability of other statutes, for general and specific
6 powers and for code of conduct; repealing provisions relating
7 to licensed gaming entity application appeals from board;
8 further providing for license or permit application hearing
9 process, for board minutes and records, for regulatory
10 authority of board, for collection of fees and fines, for
11 slot machine license fee and for license or permit
12 prohibition; providing for license disqualification criteria;
13 further providing for slot machine license application, for
14 slot machine license application character requirements, for
15 additional slot machine license requirements, for licensing
16 of principals and for licensing of key employees; repealing
17 provisions relating to alternative Category 1 licensing
18 standards; further providing for occupation permit
19 application; repealing provisions relating to alternative
20 manufacturer licensing standards; further providing for slot
21 machine accounting controls and audits, for license renewals,
22 for duty of licensees, key employees and gaming employees,
23 for gross terminal revenue deductions and for itemized budget
24 reporting; repealing provisions relating to investigations
25 and enforcement; establishing and providing for the powers
26 and duties of the Division of Gaming Enforcement; providing
27 for criminal investigations and proceedings, for inspection,
28 seizure and warrants and for information sharing and
29 enforcement referral; further providing for prohibited acts
30 and penalties and for duty to provide certain information;
31 and repealing provisions relating to exclusive jurisdiction

1 of Supreme Court.

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

4 Section 1. Section 1102 of Title 4 of the Pennsylvania
5 Consolidated Statutes is amended to read:

6 § 1102. Legislative intent.

7 The General Assembly recognizes the following public policy
8 purposes and declares that the following objectives of the
9 Commonwealth are to be served by this part:

10 (1) The primary objective of this part to which all
11 other objectives and purposes are secondary is to protect the
12 public through the regulation and policing of all activities
13 involving gaming and practices that continue to be unlawful.
14 This can only be accomplished under a system of control and
15 regulation that ensures, so far as practicable, the exclusion
16 from participation therein of persons with known criminal
17 records, habits or associations and the exclusion or removal
18 from any positions of authority or responsibility within
19 limited gaming operations and establishments of any persons
20 known to be so deficient in business probity, either
21 generally or with specific reference to limited gaming, as to
22 create or enhance the dangers of unsound, unfair or illegal
23 practices, methods and activities in the conduct of limited
24 gaming or the carrying on of the business and financial
25 arrangements incident thereto.

26 (1.1) Since limited gaming operations are especially
27 sensitive and in need of public control and supervision, and
28 since it is vital to the interests of the Commonwealth to
29 prevent entry, directly or indirectly, into limited gaming
30 operations or the ancillary industries regulated by this part

1 of persons who have pursued economic gains in an occupational
2 manner or context which are in violation of the criminal or
3 civil laws of this Commonwealth, the regulatory and
4 investigatory powers and duties shall be exercised by the
5 Division of Gaming Enforcement of the Office of Attorney
6 General, the Pennsylvania State Police and the Pennsylvania
7 Gaming Control Board to the fullest extent consistent with
8 law to avoid entry of such persons into the limited gaming
9 operations or the ancillary industries regulated by this
10 part.

11 (2) The authorization of limited gaming by the
12 installation and operation of slot machines as authorized in
13 this part is intended to enhance live horse racing, breeding
14 programs, entertainment and employment in this Commonwealth.

15 (3) The authorization of limited gaming is intended to
16 provide a significant source of new revenue to the
17 Commonwealth to support property tax relief, wage tax
18 reduction, economic development opportunities and other
19 similar initiatives.

20 (4) The authorization of limited gaming is intended to
21 positively assist the Commonwealth's horse racing industry,
22 support programs intended to foster and promote horse
23 breeding and improve the living and working conditions of
24 personnel who work and reside in and around the stable and
25 backside areas of racetracks.

26 (5) The authorization of limited gaming is intended to
27 provide broad economic opportunities to the citizens of this
28 Commonwealth and shall be implemented in such a manner as to
29 prevent possible monopolization by establishing reasonable
30 restrictions on the control of multiple licensed gaming

1 facilities in this Commonwealth.

2 (6) The authorization of limited gaming is intended to
3 enhance the further development of the tourism market
4 throughout this Commonwealth, including, but not limited to,
5 year-round recreational and tourism locations in this
6 Commonwealth.

7 (7) Participation in limited gaming authorized under
8 this part by any licensee or permittee shall be deemed a
9 privilege, conditioned upon the proper and continued
10 qualification of the licensee or permittee and upon the
11 discharge of the affirmative responsibility of each licensee
12 to provide the regulatory and investigatory authorities of
13 the Commonwealth with assistance and information necessary to
14 assure that the policies declared by this part are achieved.

15 (8) Strictly monitored and enforced control over all
16 limited gaming authorized by this part shall be provided
17 through regulation, licensing and appropriate enforcement
18 actions of specified locations, persons, associations,
19 practices, activities, licensees and permittees[.] by the
20 Pennsylvania Gaming Control Board, the Division of Gaming
21 Enforcement of the Office of Attorney General and the
22 Pennsylvania State Police.

23 (9) Strict financial monitoring and controls shall be
24 established and enforced by all licensees or permittees.

25 (10) The public interest of the citizens of this
26 Commonwealth and the social effect of gaming shall be taken
27 into consideration in any decision or order made pursuant to
28 this part.

29 (11) It is necessary to maintain the integrity of the
30 regulatory control and legislative oversight over the

1 operation of slot machines in this Commonwealth; to prevent
2 the actual or appearance of corruption that may result from
3 large campaign contributions; ensure the bipartisan
4 administration of this part; and avoid actions that may erode
5 public confidence in the system of representative government.

6 Section 2. The definition of "bureau" in section 1103 of
7 Title 4 is amended and the section is amended by adding a
8 definition to read:

9 § 1103. Definitions.

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

13 * * *

14 ["Bureau." The Bureau of Investigations and Enforcement of
15 the Pennsylvania Gaming Control Board.]

16 * * *

17 "Division." The Division of Gaming Enforcement of the Office
18 of Attorney General.

19 * * *

20 Section 3. Section 1201(b), (b.1), (c), (d), (f), (h)(5),
21 (k) and (m)(3) of Title 4 are amended, subsection (h) is amended
22 by adding a paragraph and the section is amended by adding a
23 subsection to read:

24 § 1201. Pennsylvania Gaming Control Board established.

25 * * *

26 (b) Membership.--

27 (1) The board shall consist of [the following members:

28 (1) Three members appointed by the Governor.

29 (2) One member appointed by each of the following:

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

- 1 (ii) The Minority Leader of the Senate.
2 (iii) The Speaker of the House of Representatives.
3 (iv) The Minority Leader of the House of
4 Representatives.]

5 five members appointed by the Governor, by and with the
6 advice and consent of a majority of the members of the
7 Senate.

8 (2) The Governor may submit the nomination to the Senate
9 within 60 days prior to the expiration of the term or the
10 effective date of the resignation of the member whom the
11 nominee would replace and shall submit that nomination no
12 later than 90 days after the expiration of the term or the
13 effective date of the resignation. A board member may
14 continue to hold office for a period not to exceed six months
15 beyond the expiration of his term if his successor has not
16 been duly appointed and qualified according to law.

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

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

21 (2) upon conviction of an offense graded as a felony, an
22 infamous crime, an offense under this part or an equivalent
23 offense under Federal law or the law of another
24 jurisdiction.] Governor for misconduct in office, willful
25 neglect of duty or conduct evidencing unfitness for office or
26 incompetence.

27 [(c) Initial appointments to board.--

28 (1) Gubernatorial appointees initially appointed under
29 subsection (b)(1) shall serve an initial term of one, two and
30 three years respectively as designated by the Governor at the

1 time of appointment and until their successors are appointed
2 and qualified.

3 (2) Legislative appointees initially appointed under
4 subsection (b)(2) shall serve until the third Tuesday in
5 January 2007 and until their successors are appointed and
6 qualified.

7 (3) An appointment to fill a vacancy created by a member
8 appointed in accordance with paragraph (1) or (2) shall be
9 for the remainder of the unexpired term.]

10 (d) Terms of office.--[Upon the expiration of a term of a
11 member appointed under subsection (c), 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) The term of office of a legislative appointee shall
17 be two years and until a successor is appointed and
18 qualified.

19 (3) A legislative appointee shall serve no more than
20 three full consecutive terms.

21 (4) A gubernatorial appointee shall serve no more than
22 two full consecutive terms.

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

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

28 (7) A member appointed to fill a vacancy under paragraph
29 (4) may serve two full terms following the expiration of the
30 term related to the vacancy.] The term of office of each

1 appointed member of the board shall be five years, except
2 that, in the initial appointment of the members of the board
3 under this subsection, one member shall be appointed for a
4 term of one year, one member for a term of two years, one
5 member for a term of three years, one member for a term of
6 four years and one member for a term of five years.

7 (d.1) Quorum.--Four members of the board shall constitute a
8 quorum.

9 * * *

10 (f) [Qualified majority] Majority vote.--

11 (1) [Except as permitted in paragraphs (2) and (3), any]
12 Any 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,] of the board shall require a
17 [qualified majority vote consisting of at least one
18 gubernatorial appointee and the four legislative appointees]
19 majority vote of the members appointed to the board.

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

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

1 impartiality, integrity or independence of judgment may be
2 reasonably questioned, as provided in subsection (h)(6). [If
3 a legislative appointee has disqualified himself, the
4 qualified majority shall consist of all of the remaining
5 legislative appointees and at least two gubernatorial
6 appointees.]

7 * * *

8 (h) Qualifications and restrictions.--

9 * * *

10 (5) [No] Except as set forth in subsection (i), no
11 member shall be paid or receive any fee or other compensation
12 other than salary and expenses provided by law for any
13 activity related to the duties or authority of the board.
14 [Nothing in this part shall prohibit a member from engaging
15 in any employment or receiving any compensation for such
16 employment that is not connected to or incompatible with his
17 service as a member of the board.]

18 (5.1) Each member shall devote the member's entire time
19 and attention to the member's duties and shall not hold any
20 office or position or be engaged in any employment or receive
21 any compensation for such employment.

22 * * *

23 (k) Appointments.--[The appointing authorities shall make
24 their initial appointments within 60 days of the effective date
25 of this part.] No appointment shall be final until receipt by
26 the [appointing authority] Governor of the required background
27 investigation of the appointee by the Pennsylvania State Police
28 which shall be completed within 30 days. No person who has been
29 convicted in any domestic or foreign jurisdiction of a felony,
30 infamous crime or gaming offense shall be appointed to the

1 board.

2 * * *

3 (m) Employment requirements.--

4 * * *

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

9 * * *

10 Section 4. Section 1201.1 of Title 4 is amended to read:

11 § 1201.1. Applicability of other statutes.

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

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

16 (1) The act of February 14, 2008 (P.L.6, No.3), known as
17 the Right-to-Know Law.

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

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

23 (b) Status of board.--

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

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

30 (ii) The act of October 15, 1980 (P.L.950, No.164),

1 known as the Commonwealth Attorneys Act.

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

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

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

8 (iii) The provisions of 2 Pa.C.S. (relating to
9 administrative law and procedure).

10 Section 5. Section 1202(a)(6) and (b)(7), (9), (10), (23),
11 (25) and (28) of Title 4 are amended and subsection (b) is
12 amended by adding a paragraph to read:

13 § 1202. General and specific powers.

14 (a) General powers.--

15 * * *

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

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

29 * * *

30 (7) To administer oaths, examine witnesses and issue

1 subpoenaeas compelling the attendance of witnesses or the
2 production of documents and records or other evidence[.] and
3 to order any person to answer a question or questions or
4 produce evidence of any kind and confer immunity as provided
5 in this paragraph. If, in the course of any investigation or
6 hearing conducted under this part, a person refuses to answer
7 a question or produce evidence on the ground that the person
8 will be exposed to criminal prosecution thereby, then in
9 addition to any other remedies or sanctions provided for by
10 this part, the board may, by resolution of three of its
11 members and after the written approval of the Attorney
12 General, issue an order to answer or to produce evidence with
13 immunity. If, upon issuance of an order, the person complies
14 with the order, the person shall be immune from having a
15 responsive answer given by the person or responsive evidence
16 produced by the person, or evidence derived therefrom, used
17 to expose the person to criminal prosecution, except that the
18 person may nevertheless be prosecuted for any perjury
19 committed in the answer or in producing the evidence or for
20 contempt for failing to give an answer or produce evidence in
21 accordance with the order of the board. Any answer given or
22 evidence produced shall be admissible against the person upon
23 any criminal investigation, proceeding or trial against the
24 person for perjury, upon any investigation, proceeding or
25 trial against the person for contempt or in any manner
26 consistent with State and constitutional law. The provisions
27 of this paragraph shall apply to designated officers and
28 employees.

29 * * *

30 (9) To require background investigations on applicants,

1 licensees, principals, key employees or permittees under the
2 jurisdiction of the board to be conducted by the division.

3 [(10) To enter into an agreement with the Pennsylvania
4 State Police for the reimbursement of actual costs as
5 approved by the board to the Pennsylvania State Police for
6 the investigations. Investigations shall include information
7 in the possession of the Attorney General.]

8 * * *

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

21 (23.1) If an application or renewal of a license is
22 denied under paragraph (12), (13), (14), (15) or (16), the
23 board shall prepare and file an order denying the application
24 with general reasons for the denial and, if requested by the
25 applicant, shall further prepare and file a statement of the
26 reasons for the denial, including the specific findings of
27 fact.

28 * * *

29 [(25) To promulgate regulations pertaining to the
30 operation of the bureau to insure separation of functions

1 between the bureau and the board. The board shall provide the
2 employees necessary to the bureau for enforcement of this
3 part.]

4 * * *

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

18 * * *

19 Section 6. Section 1202.1(e) of Title 4 is amended to read:
20 § 1202.1. Code of conduct.

21 * * *

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

25 "Ex parte communication." An off-the-record communication by
26 a member or employee of the board regarding the merits of or any
27 fact in issue relating to a pending matter before the board or
28 which may reasonably be expected to come before the board in a
29 contested on-the-record proceeding. The term shall not include
30 off-the-record communications by or between a member or employee

1 of the board, division, Department of Revenue, Pennsylvania
2 State Police[, Attorney General] or other law enforcement
3 official prior to the beginning of the proceeding solely for the
4 purpose of seeking clarification or correction to evidentiary
5 materials intended for use in the proceedings.

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

11 Section 7. Section 1204 of Title 4 is repealed:

12 [§ 1204. Licensed gaming entity application appeals from board.

13 The Supreme Court of Pennsylvania shall be vested with
14 exclusive appellate jurisdiction to consider appeals of any
15 final order, determination or decision of the board involving
16 the approval, issuance, denial or conditioning of a slot machine
17 license. Notwithstanding the provisions of 2 Pa.C.S. Ch. 7
18 Subch. A (relating to judicial review of Commonwealth agency
19 action) and 42 Pa.C.S. § 763 (relating to direct appeals from
20 government agencies), the Supreme Court shall affirm all final
21 orders, determinations or decisions of the board involving the
22 approval, issuance, denial or conditioning of a slot machine
23 license unless it shall find that the board committed an error
24 of law or that the order, determination or decision of the board
25 was arbitrary and there was a capricious disregard of the
26 evidence.]

27 Section 8. Sections 1205(a), 1206, 1207(2), (12) and (14),
28 1208(1), 1209(f) and 1213 of Title 4 are amended to read:

29 § 1205. License or permit application hearing process; public
30 input hearings.

1 (a) General rule.--The board's consideration and resolution
2 of all license or permit applications shall be conducted in
3 accordance with 2 Pa.C.S. (relating to administrative law and
4 procedure) [or with procedures adopted by order of the board].
5 Notwithstanding the requirements of 2 Pa.C.S. §§ 504 (relating
6 to hearing and record) and 505 (relating to evidence and cross-
7 examination) as they relate to the conduct of oral hearings, the
8 board may adopt procedures to provide parties before it
9 concerning permits with a documentary hearing, and the board may
10 resolve disputed material facts without conducting an oral
11 hearing where constitutionally permissible. The board shall not
12 issue or renew a license unless it conducts a public hearing
13 concerning the qualifications of an applicant or a renewal
14 application.

15 * * *

16 § 1206. Board meetings, minutes and records.

17 (a.1) Meetings.--

18 (1) All meeting of the board shall be conducted in
19 accordance with 65 Pa.C.S. Ch. 7 (relating to open meetings).

20 (2) Notwithstanding 65 Pa.C.S. § 708(b) (relating to
21 executive sessions), executive sessions of the board may be
22 held during an open meeting or at the conclusion of an open
23 meeting. Where the board holds an executive session, the
24 chairman of the board shall announce during the open meeting
25 immediately prior to the executive session the reasons with
26 reference to the appropriate paragraph of 65 Pa.C.S. § 708(a)
27 for holding the executive session. If, during the executive
28 session, additional matters that were not announced by the
29 chairman arise, the chairman shall reconvene the open meeting
30 to announce the additional matters with reference to the

1 appropriate paragraph of 65 Pa.C.S. § 708(a).

2 (b) Record of proceedings.--The board shall cause to be made
3 and kept a record of all proceedings held at public meetings of
4 the board. The verbatim transcript of those proceedings shall be
5 the property of the board and shall be prepared by the board
6 upon the request of any board member or upon the request of any
7 other person and the payment by that person of the costs of
8 preparation.

9 (d) Applicant information.--

10 (1) The board shall maintain a list of all applicants
11 for licenses and permits. The list shall include a record of
12 all actions taken with respect to each applicant. The list
13 shall be open to public inspection during the normal business
14 hours of the board.

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

19 (e) Other files and records.--The board shall maintain such
20 other files and records as it may deem appropriate.

21 (f) Confidentiality of information.--All information
22 submitted by an applicant pursuant to section 1310(a) (relating
23 to slot machine license application character requirements) or
24 obtained by the board or the [bureau] division as part of a
25 background investigation from any source shall be considered
26 confidential. Except as provided in section [1517(f) (relating
27 to investigation and enforcement)] 1517.1 (relating to civil
28 enforcement), 1517.3 (relating to criminal investigation and
29 proceedings), 1517.4 (relating to inspection, seizure and
30 warrants) and 1517.5 (relating to information sharing and

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

15 (g) Notice.--Notice of the contents of any information,
16 except to a duly authorized law enforcement agency pursuant to
17 this section, shall be given to any applicant or licensee in a
18 manner prescribed by the rules and regulations adopted by the
19 board.

20 (h) Information held by department.--Files, records, reports
21 and other information in the possession of the department
22 pertaining to licensees shall be made available to the board as
23 may be necessary to the effective administration of this part.

24 § 1207. Regulatory authority of board.

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

26 * * *

27 (2) Restrict access to confidential information in the
28 possession of the board which has been obtained under this
29 part and ensure that the confidentiality of information is
30 maintained and protected. Records shall be retained by the

1 board for seven years. The restrictions shall not apply to
2 the division.

3 * * *

4 [(12) Upon request, provide background investigation
5 reports of applicants for licenses and permits for use at
6 racetracks to the State Horse Racing Commission and the State
7 Harness Racing Commission.]

8 * * *

9 (14) Consult with members of the Pennsylvania State
10 Police, the [Office of Attorney General] division, the
11 department and such other persons it deems necessary for
12 advice regarding the various acts of the powers and duties
13 imposed on it under this part and its jurisdiction over the
14 authorization and operation of slot machines and licensed
15 facilities.

16 * * *

17 § 1208. Collection of fees and fines.

18 The board has the following powers and duties:

19 (1) To levy and collect fees from the various
20 applicants, licensees and permittees to fund the operations
21 of the board. The fees shall be deposited into the State
22 Gaming Fund as established in section 1403 (relating to
23 establishment of State Gaming Fund and net slot machine
24 revenue distribution) and distributed to the board upon
25 appropriation by the General Assembly. In addition to the
26 fees set forth in sections 1209 (relating to slot machine
27 license fee) and 1305 (relating to Category 3 slot machine
28 license), the board shall assess and collect fees as follows:

29 (i) Supplier licensees shall pay a fee of \$25,000

30 upon the issuance of a license and \$10,000 for the annual

1 renewal of a supplier license.

2 (ii) Manufacturer licensees shall pay a fee of
3 \$50,000 upon the issuance of a license and \$25,000 for
4 the annual renewal of a manufacturer license.

5 (iii) Each application for a slot machine license,
6 supplier license or manufacturer license must be
7 accompanied by a nonrefundable fee set by the board for
8 the cost of each individual requiring a background
9 investigation. The reasonable and necessary costs and
10 expenses incurred in any background investigation or
11 other investigation or proceeding concerning any
12 applicant, licensee, permittee or registrant shall be
13 reimbursed to the board or the division, as appropriate,
14 by those persons.

15 * * *

16 § 1209. Slot machine license fee.

17 * * *

18 (f) Return of slot machine license fee.--

19 (1) [The] Of the entire one-time slot machine license
20 fee of \$50,000,000 for each Category 1 and Category 2 slot
21 machine license, \$5,000,000 shall be returned to each
22 licensee in the event section 1201 (relating to Pennsylvania
23 Gaming Control Board established), 1202 (relating to general
24 and specific powers) or 1307 (relating to number of slot
25 machine licenses) is amended or otherwise altered by an act
26 of the General Assembly within five years following the
27 initial issuance of any slot machine licenses pursuant to
28 section 1301 (relating to authorized slot machine licenses)
29 to change:

30 (i) the composition of the board;

1 (ii) the number or voting powers of members of the
2 board;

3 (iii) the manner in which members are nominated or
4 appointed to the board;

5 (iv) the length of term for which each member
6 serves;

7 (v) the general regulatory jurisdiction of the board
8 in a manner that impairs or otherwise reduces the board's
9 licensing authority; or

10 (vi) section 1307 to increase the statutory maximum
11 number of permissible licensed facilities.

12 (2) In the event that this part is amended or otherwise
13 altered by an act of the General Assembly as described
14 pursuant to paragraph (1):

15 (i) In the sixth year following the initial issuance
16 of any slot machine licenses pursuant to section 1301, a
17 Category 1 and 2 slot machine licensee shall be entitled
18 to a partial return of the one-time slot machine license
19 fee in the amount of [\$41,666,667] \$4,000,000.

20 (ii) In the seventh year, the licensee shall be
21 entitled to a partial return of the one-time slot machine
22 license fee in the amount of [\$33,333,334] \$3,000,000.

23 (iii) In the eighth year, the licensee shall be
24 entitled to a partial return of the one-time slot machine
25 license fee in the amount of [\$25,000,000] \$2,000,000.

26 (iv) In the ninth year, the licensee shall be
27 entitled to a partial return of the one-time slot machine
28 license fee in the amount of [\$16,666,668] \$1,000,000.

29 [(v) In the tenth year, the licensee shall be
30 entitled to a partial return of the one-time machine

1 license fee in the amount of \$8,333,334.]
2 In the event that the action described in paragraph (1) occurs
3 in the tenth year or after the expiration of ten years, the
4 licensee shall not be entitled to a return of any portion of the
5 one-time slot machine license fee. Notwithstanding the
6 foregoing, no slot machine licensee shall be entitled to the
7 return of any portion of the fee as a result of any act of the
8 General Assembly insofar as it implements a recommendation made
9 by the board pursuant to a qualified majority vote. In the event
10 a full or partial return of the slot machine license fee imposed
11 pursuant to subsection (a) becomes due pursuant to this
12 subsection, the amount to be returned to any slot machine
13 licensee shall be reduced on a dollar-for-dollar basis by the
14 total accumulated tax credits granted to such licensee pursuant
15 to subsection (c). In no event shall the total amount of the
16 slot machine license fee returned, combined with the total tax
17 credits granted, exceed the amounts set forth in this subsection
18 for any licensee. The total or partial return of the slot
19 machine license fee shall extinguish a licensee's right to claim
20 any further tax credits pursuant to subsection (c).

21 § 1213. [License or permit] Permit prohibition.

22 No applicant for a [license or] permit under this part,
23 [including principals and key employees,] who has been convicted
24 of a felony or gambling offense in any jurisdiction shall be
25 issued a [license or] permit unless 15 years has elapsed from
26 the date of expiration of the sentence for the offense. When
27 determining whether to issue a [license or] permit to an
28 applicant who has been convicted in any jurisdiction of a felony
29 or gambling offense, the board shall consider the following
30 factors:

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

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

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

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

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

11 (6) Any evidence of rehabilitation, including good
12 conduct in the community, counseling or psychiatric treatment
13 received and the recommendation of persons who have
14 substantial contact with the applicant.

15 Section 9. Title 4 is amended by adding a section to read:

16 § 1213.1. License disqualification criteria.

17 (a) Disqualification criteria.--The board shall deny a
18 license to an applicant that is disqualified on the basis of any
19 of the following criteria:

20 (1) The failure of the applicant to prove by clear and
21 convincing evidence that the applicant is qualified in
22 accordance with the provisions of this part.

23 (2) The failure of the applicant to provide information,
24 documentation and assurances required by this part or
25 requested by the board, department, division or Pennsylvania
26 State Police, or failure of the applicant to reveal any fact
27 material to qualification, or the supplying of information
28 which is untrue or misleading as to a material fact
29 pertaining to the qualification criteria.

30 (3) The conviction of the applicant of a felony offense

1 in any jurisdiction.

2 (4) Current prosecution or pending charges in any
3 jurisdiction of the applicant for any felony or gaming
4 offense. However, at the request of the applicant, the board
5 may defer decision upon the application during the pendency
6 of the charge.

7 (5) The pursuit by the applicant of economic gain in an
8 occupational manner or context which is in violation of the
9 criminal or civil laws of this Commonwealth or any other
10 jurisdiction, if the pursuit creates a reasonable belief that
11 the participation of the applicant in limited gaming
12 operations would be inimical to the policies of this part or
13 to legalized gaming in this Commonwealth.

14 (6) The identification of the applicant as a career
15 offender or a member of a career offender cartel or an
16 associate of a career offender or career offender cartel in a
17 manner which creates a reasonable belief that the association
18 is of a nature as to be inimical to the policy of this part
19 and to gaming operations.

20 (7) The commission by the applicant of any act or acts
21 which would constitute any felony or gaming offense, even if
22 the conduct has not been or may not be prosecuted under the
23 criminal laws of this Commonwealth or any other jurisdiction
24 or has been prosecuted under the criminal laws of this
25 Commonwealth or any other jurisdiction and the prosecution
26 has been terminated in a manner other than with a conviction.

27 (8) Contumacious defiance by the applicant of any
28 legislative investigatory body or other official
29 investigatory body of the United States or of any state when
30 the investigatory body is engaged in the investigation of

1 crimes relating to gaming, official corruption or organized
2 crime activity.

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

6 "Career offender." Any person whose behavior is pursued in
7 an occupational manner or context for the purpose of economic
8 gain, utilizing methods that are violations of the criminal laws
9 of this Commonwealth or any other jurisdiction.

10 "Career offender cartel." Any group of persons who operate
11 together as career offenders.

12 "Occupational manner or context." The systematic planning,
13 administration, management or execution of an activity for
14 financial gain.

15 Section 10. Section 1309(a)(9) of Title 4 is amended to
16 read:

17 § 1309. Slot machine license application.

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

22 * * *

23 (9) The consent to conduct a background investigation by
24 the [board] division, the scope of which shall be determined
25 by the [board] division in its discretion consistent with the
26 provisions of this part, and a release signed by all persons
27 subject to the investigation of all information required to
28 complete the investigation.

29 * * *

30 Section 11. Section 1310(b) of Title 4 is amended and the

1 section is amended by adding a subsection to read:

2 § 1310. Slot machine license application character
3 requirements.

4 * * *

5 (b) Civil judgments and [law enforcement] gaming or casino
6 enforcement or control agency information.--Each applicant shall
7 notify the division and the board of any civil judgments
8 obtained against the applicant pertaining to antitrust or
9 security regulation laws of the Federal Government, this
10 Commonwealth or any other state, jurisdiction, province or
11 country. In addition, each applicant shall produce a letter of
12 reference from [law enforcement] gaming or casino enforcement or
13 control agencies having jurisdiction in the applicant's place of
14 residence and principal place of business, which letter of
15 reference shall indicate that the [law enforcement] gaming or
16 casino enforcement or control agencies do not have any pertinent
17 information concerning the applicant or, if the law enforcement
18 agency does have information pertaining to the applicant, shall
19 specify the nature and content of that information. If no
20 letters are received within 30 days of the request, the
21 applicant may submit a statement under oath which is subject to
22 the penalty for false swearing under 18 Pa.C.S. § 4903 (relating
23 to false swearing) that the applicant is or was during the
24 period the activities were conducted in good standing with the
25 gaming or casino enforcement or control agency.

26 * * *

27 (d) Freedom of Information Act--The applicant shall be
28 required to apply to the Federal Government regarding agency
29 records pursuant to the Freedom of Information Act (Public Law
30 89-554, 5 U.S.C. § 552) pertaining to the applicant and provide

1 the division with the complete record received from the Federal
2 Government.

3 Section 12. Sections 1311(g) and (h), 1311.1(b) and
4 1311.2(b) of Title 4 are amended to read:

5 § 1311. Additional slot machine license requirements.

6 * * *

7 (g) Ongoing duty.--A person applying for a license, permit
8 or other authorization under this part shall have the continuing
9 duty to provide information required by the board or the
10 [bureau] division and to cooperate in any inquiry or
11 investigation.

12 (h) Criminal history record check.--The [board] division
13 shall conduct a criminal history record check on any person for
14 whom a waiver is granted under this section.

15 § 1311.1. Licensing of principals.

16 * * *

17 (b) Application.--A principal license application shall be
18 in a form prescribed by the board and shall include the
19 following:

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

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

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

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

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

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

1 (6.1) Data pertaining to family, habits, reputation,
2 criminal and arrest record, business activities, financial
3 affairs and business, professional and personal associates
4 covering at least the ten-year period immediately preceding
5 the application.

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

7 * * *

8 § 1311.2. Licensing of key employees.

9 * * *

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

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

15 (2) A description of employment responsibilities.

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

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

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

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

24 (6.1) Data pertaining to family, habits, reputation,
25 criminal and arrest record, business activities, financial
26 affairs and business, professional and personal associates
27 covering at least the ten-year period immediately preceding
28 the application.

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

30 * * *

1 Section 13. Section 1314 of Title 4 is repealed:

2 [§ 1314. Alternative Category 1 licensing standards.

3 (a) Determination.--The board may determine whether the
4 licensing standards of another jurisdiction within the United
5 States or Canada in which an applicant, its affiliate,
6 intermediary, subsidiary or holding company for a Category 1
7 slot machine license is similarly licensed are comprehensive and
8 thorough and provide similar adequate safeguards as those
9 required by this part. If the board makes that determination, it
10 may issue a slot machine license to an applicant who holds a
11 slot machine license in such other jurisdiction after conducting
12 an evaluation of the information relating to the applicant from
13 such other jurisdictions, as updated by the board, and
14 evaluating other information related to the applicant received
15 from that jurisdiction and other jurisdictions where the
16 applicant may be licensed, the board may incorporate such
17 information in whole or in part into its evaluation of the
18 applicant.

19 (b) Abbreviated process.--In the event an applicant for a
20 slot machine license is licensed in another jurisdiction, the
21 board may determine to use an alternate process requiring only
22 that information determined by the board to be necessary to
23 consider the issuance of a license, including financial
24 viability of the licensee, to such an applicant. Nothing in this
25 section shall be construed to waive any fees associated with
26 obtaining a license through the normal application process.]

27 Section 14. Section 1318(b)(3) of Title 4 is amended to
28 read:

29 § 1318. Occupation permit application.

30 * * *

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

3 * * *

4 (3) The criminal history record of the person, as well
5 as the person's consent for the [Pennsylvania State Police]
6 division to conduct a background investigation.

7 * * *

8 Section 15. Section 1319 of Title 4 is repealed:

9 [§ 1319. Alternative manufacturer licensing standards.

10 (a) General rule.--The board may determine whether the
11 licensing standards of another jurisdiction within the United
12 States in which an applicant for a manufacturer license is
13 similarly licensed are comprehensive and thorough and provide
14 similar adequate safeguards as those required by this part. If
15 the board makes that determination, it may issue a manufacturer
16 license to an applicant who holds a similar manufacturer license
17 in such other jurisdiction after conducting an evaluation of the
18 information relating to the applicant from such other
19 jurisdictions, as updated by the board, and evaluating other
20 information related to the applicant received from that
21 jurisdiction and other jurisdictions where the applicant may be
22 licensed, the board may incorporate such information in whole or
23 in part into its evaluation of the applicant.

24 (b) Abbreviated process.--In the event an applicant for a
25 slot machine manufacturer license is licensed in another
26 jurisdiction, the board may determine to use an alternate
27 process requiring only that information determined by the board
28 to be necessary to consider the issuance of a license, including
29 financial viability of the licensee, to such an applicant.

30 Nothing in this section shall be construed to waive any fees

1 associated with obtaining a license through the normal
2 application process.]

3 Section 16. Section 1322(a), (b)(2) and (c) of Title 4 are
4 amended to read:

5 § 1322. Slot machine accounting controls and audits.

6 (a) Approval.--Except as otherwise provided by this part,
7 each slot machine license applicant shall, in addition to
8 obtaining a slot machine license, obtain approval from the board
9 in consultation with the department, the division and the
10 Pennsylvania State Police of its proposed site plans and
11 internal control systems and audit protocols prior to the
12 installation and operation of slot machines at the licensed
13 facility.

14 (b) Minimum requirements.--At a minimum, the applicant's or
15 person's proposed internal controls and audit protocols shall:

16 * * *

17 (2) Provide for reliable records, accounts and reports
18 of any financial event that occurs in the operation of a slot
19 machine, including reports to the board, the division and the
20 Pennsylvania State Police related to the slot machines.

21 * * *

22 (c) Internal control.--Each slot machine license applicant
23 shall submit to the board [and], the division, the Pennsylvania
24 State Police and the department, in such manner as the board
25 shall require, a description of its administrative and
26 accounting procedures in detail, including its written system of
27 internal control. Each written system of internal control shall
28 include:

29 (1) Records of direct and indirect ownership in the
30 proposed slot machine licensee, its affiliate, intermediary,

1 subsidiary or holding company.

2 (2) An organizational chart depicting appropriate
3 segregation of functions and responsibilities.

4 (3) A description of the duties and responsibilities of
5 each position shown on the organizational chart.

6 (4) A detailed narrative description of the
7 administrative and accounting procedures designed to satisfy
8 the requirements of this section.

9 (5) Record retention policy.

10 (6) Procedure to ensure that assets are safeguarded,
11 including mandatory count procedures.

12 (7) A statement signed by the chief financial officer of
13 the proposed licensed gaming entity or other competent person
14 and the chief executive officer of the proposed licensed
15 gaming entity or other competent person attesting that the
16 officer believes, in good faith, that the system satisfies
17 the requirements of this section.

18 (8) Any other item that the board may require in its
19 discretion.

20 Section 17. Sections 1326(b), 1331, 1402(a)(4) and 1402.1 of
21 Title 4 are amended to read:

22 § 1326. License renewals.

23 * * *

24 (b) Revocation or failure to renew.--In addition to any
25 other sanctions the board may impose under this part, the board
26 may at its discretion suspend, revoke or deny renewal of any
27 permit or license issued under this part if it receives any
28 information from any source that the applicant or any of its
29 officers, directors, owners or key employees is in violation of
30 any provision of this part, that the applicant has furnished the

1 board with false or misleading information or that the
2 information contained in the applicant's initial application or
3 any renewal application is no longer true and correct. The board
4 shall suspend, revoke or deny renewal of any permit or license
5 where the applicant is in violation of any of the criteria set
6 forth in sections 1213 (relating to permit prohibition) and
7 1213.1 (relating to license disqualification criteria). In the
8 event of a revocation or failure to renew, the applicant's
9 authorization to conduct the previously approved activity shall
10 immediately cease, and all fees paid in connection therewith
11 shall be deemed to be forfeited. In the event of a suspension,
12 the applicant's authorization to conduct the previously approved
13 activity shall immediately cease until the board has notified
14 the applicant that the suspension is no longer in effect.

15 § 1331. Duty of licensees, key employees and gaming employees.

16 Any licensee, key employee or gaming employee shall have the
17 duty to:

18 (1) provide any assistance or information required by
19 the board, the division, the department or the Pennsylvania
20 State Police and to cooperate in any inquiry, investigation
21 or hearing;

22 (2) consent to inspections, searches and seizures;

23 (3) inform the board of any actions which they believe
24 would constitute a violation of this part; and

25 (4) inform the board of any arrests for any violations
26 of offenses enumerated under 18 Pa.C.S. (relating to crimes
27 and offenses).

28 § 1402. Gross terminal revenue deductions.

29 (a) Deductions.--After determining the appropriate
30 assessments for each slot machine licensee, the department shall

1 determine costs, expenses or payments from each account
2 established under section 1401 (relating to slot machine
3 licensee deposits). The following costs and expenses shall be
4 transferred to the appropriate agency upon appropriation by the
5 General Assembly:

6 * * *

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

13 * * *

14 § 1402.1. Itemized budget reporting.

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

23 Section 18. Section 1517 of Title 4 is repealed:

24 [§ 1517. Investigations and enforcement.

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

30 (a.1) Powers and duties of bureau.--The Bureau of

1 Investigations and Enforcement shall have the following powers
2 and duties:

3 (1) Enforce the provisions of this part.

4 (2) Investigate and review all applicants and
5 applications for a license, permit or registration.

6 (3) Investigate licensees, permittees, registrants and
7 other persons regulated by the board for noncriminal
8 violations of this part, including potential violations
9 referred to the bureau by the board or other person.

10 (4) Monitor gaming operations to ensure all of the
11 following:

12 (i) Compliance with this part, the act of April 12,
13 1951 (P.L.90, No.21), known as the Liquor Code, and the
14 other laws of this Commonwealth.

15 (ii) The implementation of adequate security
16 measures by a licensed entity.

17 (5) Inspect and examine licensed entities as provided in
18 subsection (e). Inspections may include the review and
19 reproduction of any document or record.

20 (6) Conduct audits of a licensed entity as necessary to
21 ensure compliance with this part. An audit may include the
22 review of accounting, administrative and financial records,
23 management control systems, procedures and other records
24 utilized by a licensed entity.

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

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

30 (9) Be a criminal justice agency under 18 Pa.C.S. Ch. 91

1 (relating to criminal history record information).

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

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

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

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

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

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

23 (b) Powers and duties of department.--

24 (1) The department shall at all times have the power of
25 access to examination and audit of any equipment and records
26 relating to all aspects of the operation of slot machines
27 under this part.

28 (2) Notwithstanding the provisions of section 353(f) of
29 the act of March 4, 1971 (P.L.6, No.2), known as the Tax
30 Reform Code of 1971, the department shall supply the board,

1 the bureau, the Pennsylvania State Police and the Office of
2 Attorney General with information concerning the status of
3 delinquent taxes owned by the applicant, licensee or
4 permittee.

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

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

14 (3) Initiate proceedings for criminal violations of this
15 part.

16 (4) Provide the board with all information necessary for
17 all actions under this part for all proceedings involving
18 criminal enforcement of this part.

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

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

25 (7) Fingerprint applicants for licenses and permits.

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

30 (9) Receive and take appropriate action on any referral

1 from the board relating to criminal conduct.

2 (10) Require the production of any information, material
3 and other data from any licensee, permittee or other
4 applicant seeking approval from the board.

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

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

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

26 (c.1) Powers and duties of Attorney General.--Within the
27 Office of Attorney General, the Attorney General shall establish
28 a gaming unit. The unit shall investigate and institute criminal
29 proceedings as authorized by subsection (d).

30 (d) Criminal action.--

1 (1) The district attorneys of the several counties shall
2 have authority to investigate and to institute criminal
3 proceedings for a violation of this part.

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

17 (d.1) Regulatory action.--Nothing contained in subsection
18 (d) shall be construed to limit the existing regulatory or
19 investigative authority of an agency or the Commonwealth whose
20 functions relate to persons or matters within the scope of this
21 part.

22 (e) Inspection, seizure and warrants.--

23 (1) The bureau, the department and the Pennsylvania
24 State Police shall have the authority without notice and
25 without warrant to do all of the following in the performance
26 of their duties:

27 (i) Inspect and examine all premises where slot
28 machine operations are conducted, gaming devices or
29 equipment are manufactured, sold, distributed or serviced
30 or where records of these activities are prepared or

1 maintained.

2 (ii) Inspect all equipment and supplies in, about,
3 upon or around premises referred to in subparagraph (i).

4 (iii) Seize, summarily remove and impound equipment
5 and supplies from premises referred to in subparagraph
6 (i) for the purposes of examination and inspection.

7 (iv) Inspect, examine and audit all books, records
8 and documents pertaining to a slot machine licensee's
9 operation.

10 (v) Seize, impound or assume physical control of any
11 book, record, ledger, game, device, cash box and its
12 contents, counting room or its equipment or slot machine
13 operations.

14 (2) The provisions of paragraph (1) shall not be deemed
15 to limit warrantless inspections except in accordance with
16 constitutional requirements.

17 (3) To further effectuate the purposes of this part, the
18 bureau and the Pennsylvania State Police may obtain
19 administrative warrants for the inspection and seizure of
20 property possessed, controlled, bailed or otherwise held by
21 an applicant, licensee, permittee, intermediary, subsidiary,
22 affiliate or holding company.

23 (f) Information sharing and enforcement referral.--With
24 respect to the administration, supervision and enforcement of
25 this part, the bureau, the department, the Pennsylvania State
26 Police or the Office of Attorney General may obtain or provide
27 pertinent information regarding applicants, licensees or
28 permittees from or to law enforcement entities or gaming
29 authorities of the Commonwealth and other domestic, foreign or
30 federally approved jurisdictions, including the Federal Bureau

1 of Investigation, and may transmit such information to each
2 other electronically.]

3 Section 19. Section 1517.1 of Title 4 is amended to read:

4 § 1517.1. [(Reserved).] Civil Enforcement.

5 (a) Establishment.--The Division of Gaming Enforcement is
6 hereby established within the Office of Attorney General. The
7 division shall have the following powers and duties:

8 (1) Promptly investigate and review the qualifications
9 of each applicant for a license or permit.

10 (2) In cooperation with the Pennsylvania State Police,
11 provide for the fingerprinting of applicants for licenses and
12 permits and exchange fingerprint data with and receive
13 national criminal history record information from the Federal
14 Bureau of Investigation for use in investigating applicants
15 for any license or permit under this part.

16 (3) Require the production of any information, material
17 or other data from any licensee, permittee or other applicant.

18 (4) Investigate licensees, permittees and other persons
19 regulated by the board to assure compliance with this part.

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

22 (6) In cooperation with the Pennsylvania State Police,
23 ensure the implementation of adequate security measures at
24 licensed facilities.

25 (7) Inspect and examine licensed entities as provided
26 under section (1517.4) (relating to inspection, seizure and
27 warrants). Inspections may include the review and
28 reproduction of any document or record.

29 (8) Administer oaths, examine witnesses and issue
30 subpoenas compelling the attendance of witnesses or the

1 production of documents and records or other evidence.

2 (9) Conduct audits of a licensed entity as necessary to
3 ensure compliance with this part. An audit may include a
4 review of accounting, administrative and financial records,
5 management control systems, procedures and other records
6 utilized by a licensed entity.

7 (10) Investigate noncriminal violations of this part and
8 regulations promulgated under this part.

9 (11) Initiate, prosecute and defend proceedings for
10 noncriminal violations of this part and regulations of the
11 board by filing a complaint or other pleading with the board.

12 (12) File recommendations and objections relating to the
13 issuance of licenses or permits and appear before the board
14 at public hearings pursuant to section 1205 (relating to
15 regarding license or permit application hearing process;
16 public input hearings).

17 (13) Provide the board with information necessary for
18 the issuance of licenses and for all proceedings involving
19 enforcement of this part.

20 (14) Provide assistance upon request by the board in
21 conciliation and promulgation of rules and regulations.

22 (b) Powers and duties of department.--

23 (1) The department shall at all times have the power of
24 access for examination and audit of any equipment and records
25 relating to any aspect of the operation of slot machines
26 under this part.

27 (2) Notwithstanding the provisions of section 353(f) of
28 the act of March 4, 1971 (P.L.6, No.2), known as the Tax
29 Reform Code of 1971, the department shall supply the board,
30 the division, the Pennsylvania State Police and the Office of

1 Attorney General with information concerning the status of
2 delinquent taxes owed by the applicant, licensee or permittee.

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

4 § 1517.3. Criminal investigations and proceedings.

5 (a) Powers and duties of Pennsylvania State Police.--

6 (1) The Pennsylvania State Police shall:

7 (i) Cooperate with the division to fingerprint
8 applicants for licenses and permits and exchange
9 fingerprint data with and receive national criminal
10 history record information from the Federal Bureau of
11 Investigation for use in investigating applications for
12 licenses and permits.

13 (ii) Enforce the criminal provisions of this part
14 and all other criminal laws of this Commonwealth relating
15 to criminal conduct in a licensed facility.

16 (iii) When necessary to enforce the criminal
17 provisions of this part and the criminal laws of this
18 Commonwealth, inspect a licensee's or a permittee's
19 person and personal effects present in a licensed
20 facility under this part while that licensee or permittee
21 is present at a licensed facility.

22 (iv) Initiate proceedings for criminal violations of
23 this part relating to criminal conduct in a licensed
24 facility.

25 (v) Monitor gaming operations to ensure all of the
26 following:

27 (A) Compliance with this part, the act of April
28 12, 1951 (P.L.90, No.21), known as the Liquor Code,
29 and other laws of this Commonwealth.

30 (B) The implementation of adequate security

1 measures by a licensed facility.

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

8 (b) District attorneys.--The district attorneys of the
9 several counties shall have authority to investigate and to
10 institute criminal proceedings for a violation of this part.

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

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

28 § 1517.4. Inspection, seizure and warrants.

29 (a) Authority.--The division, the department and the
30 Pennsylvania State Police shall have the authority without

1 notice and without warrant to do all of the following in the
2 performance of their duties:

3 (1) Inspect and examine all premises where slot machine
4 operations are conducted, gaming devices or equipment are
5 manufactured, sold, distributed or serviced or where records
6 of these activities are prepared or maintained.

7 (2) Inspect all equipment and supplies in, about, upon
8 or around premises referred to in paragraph (1).

9 (3) Seize, summarily remove and impound equipment and
10 supplies from premises referred to in paragraph (1) for the
11 purposes of examination and inspection.

12 (4) Inspect, examine and audit all books, records and
13 documents pertaining to a slot machine licensee's operation.

14 (5) Seize, impound or assume physical control of any
15 book, record, ledger, game, device, cash box and its
16 contents, counting room or its equipment or slot machine
17 operations.

18 (b) Construction.--The provisions of subsection (a) shall
19 not be deemed to limit warrantless inspection except in
20 accordance with constitutional requirements.

21 (c) Administrative warrants.--To further effectuate the
22 purposes of this part, the division and the Pennsylvania State
23 Police may obtain administrative warrants for the inspection and
24 seizure of property possessed, controlled, bailed or otherwise
25 held by an applicant, licensee, permittee, intermediary,
26 subsidiary, affiliate or holding company.

27 § 1517.5. Information sharing and enforcement referral.

28 With respect to the administration, supervision and
29 enforcement of this part, the division, the department, the
30 Pennsylvania State Police or the Office of Attorney General may

1 obtain or provide pertinent information regarding applicants,
2 licensees or permittees from or to law enforcement entities or
3 gaming authorities of the Commonwealth and other domestic,
4 foreign or federally approved jurisdictions, including the
5 Federal Bureau of Investigation, and may transmit the
6 information to each other electronically.

7 Section 21. Sections 1518(b)(1) and 1801 of Title 4 are
8 amended to read:

9 § 1518. Prohibited acts; penalties.

10 * * *

11 (b) Criminal penalties and fines.--

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

27 (ii) A person that violates subsection (a)(2)
28 through (12) commits a misdemeanor of the first degree. A
29 person that is convicted of a second or subsequent
30 violation of subsection (a)(2) through (12) commits a

1 felony of the second degree.

2 * * *

3 § 1801. Duty to provide.

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

26 Section 22. Section 1904 of Title 4 is repealed:

27 [§ 1904. Exclusive jurisdiction of Supreme Court.

28 The Pennsylvania Supreme Court shall have exclusive
29 jurisdiction to hear any challenge to or to render a declaratory
30 judgment concerning the constitutionality of this part. The

1 Supreme Court is authorized to take such action as it deems
2 appropriate, consistent with the Supreme Court retaining
3 jurisdiction over such a matter, to find facts or to expedite a
4 final judgment in connection with such a challenge or request
5 for declaratory relief.]

6 Section 23. Board members serving on the effective date of
7 this section shall continue to hold office as members of the
8 board for the term for which they were originally appointed
9 until their successors are appointed and qualified.

10 Section 24. On the effective date of the amendment of 4
11 Pa.C.S. § 1517, the following shall apply:

12 (1) The Bureau of Investigations and Enforcement of the
13 Pennsylvania Gaming Control Board and the Office of
14 Enforcement Counsel shall cease to exist.

15 (2) Individuals employed by the Pennsylvania Gaming
16 Control Board and assigned to positions within the Bureau of
17 Investigations and Enforcement of the Pennsylvania Gaming
18 Control Board or the Office of Enforcement Counsel shall be
19 transferred to and shall become employees of the Division of
20 Gaming Enforcement of the Office of Attorney General and
21 their status as employees of the Pennsylvania Gaming Control
22 Board shall cease.

23 (3) The Office of Attorney General shall establish
24 salaries and other compensation for those individuals
25 transferred pursuant to paragraph (2) in accordance with
26 existing policies of the Office of Attorney General.
27 Individuals transferred pursuant to paragraph (2) shall
28 remain State employees for purposes of 71 Pa.C.S. Pt. XXV and
29 their service shall be considered continual and
30 uninterrupted.

1 (4) On and after the date of transfer to the Office of
2 Attorney General, transferred employees shall be eligible for
3 paid holidays and the accrual of sick and annual leave and
4 any other leave in accordance with the policies of the Office
5 of Attorney General.

6 (5) Sick and annual leave accrued by a transferred
7 employee prior to the date of transfer shall be transferred
8 based upon the accrued sick and annual leave balances
9 credited to the transferred employee by the Pennsylvania
10 Gaming Control Board as of the day immediately preceding the
11 transferred employee's date of transfer.

12 (6) The Pennsylvania Gaming Control Board shall provide
13 payment to the Office of Attorney General for the accrued
14 sick and annual leave transferred and credited pursuant to
15 paragraph (5). Within 30 days of the effective date of this
16 section, the Pennsylvania Gaming Control Board shall provide,
17 in writing, to the Office of Attorney General, all leave
18 information requested by the Office of Attorney General for
19 those individuals transferred pursuant to paragraph (2).

20 (7) Accrued sick or annual leave which exceeds the
21 maximum allowed by the policies of the Office of Attorney
22 General in effect on the day immediately preceding the date
23 of transfer and any other leave shall not be transferred and
24 credited. The Pennsylvania Gaming Control Board shall provide
25 a lump-sum payment to individuals transferred pursuant to
26 paragraph (2) for sick or annual leave and any other leave
27 which is not transferred and credited pursuant to this
28 paragraph.

29 (8) The Attorney General shall submit a report to the
30 chairman and minority chairman of the Appropriations

1 Committee of the Senate and the chairman and minority
2 chairman of the Appropriations Committee of the House of
3 Representatives containing the expenditures for compensation
4 and related expenditures for individuals who are transferred
5 pursuant to this section.

6 Section 25. This act shall take effect in 60 days.