

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 65

Session of 2011

INTRODUCED BY SCHRODER, TURZAI, SAYLOR, VEREB, M. O'BRIEN, BAKER, BARRAR, CARROLL, D. COSTA, GROVE, MURPHY, RAPP, REESE, ROAE, SWANGER, VULAKOVICH, WATSON, PICKETT AND MURT, JANUARY 24, 2011

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, APRIL 30, 2012

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, providing for INTERNET GAMBLING PUBLIC AWARENESS
3 CAMPAIGN AND FOR revocation and auction of slot machine
4 license; and further providing for Category 2 slot machine
5 license and, for number of slot machine licenses AND FOR
6 TABLE GAME TAXES; AND PROVIDING FOR PROHIBITION ON USE OF
7 STATE FUNDS.



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

10 Section 1. Title 4 of the Pennsylvania Consolidated Statutes
11 is amended by adding a section to read:



12 SECTION 1. TITLE 4 OF THE PENNSYLVANIA CONSOLIDATED STATUTES
13 IS AMENDED BY ADDING SECTIONS TO READ:



14 § 1207.1. INTERNET GAMBLING PUBLIC AWARENESS CAMPAIGN.

15 (A) GENERAL RULE.--THE BOARD SHALL ESTABLISH AN INTERNET
16 GAMBLING PUBLIC AWARENESS CAMPAIGN IN ORDER TO PROMOTE AWARENESS
17 AMONG THE GENERAL PUBLIC OF ISSUES RELATING TO INTERNET
18 GAMBLING.

19 (B) CAMPAIGN.--THE PUBLIC AWARENESS CAMPAIGN SHALL INCLUDE

1 THE DEVELOPMENT AND IMPLEMENTATION OF PUBLIC AWARENESS AND
2 OUTREACH EFFORTS TO INFORM THE PUBLIC ABOUT INTERNET GAMBLING,
3 INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING SUBJECTS:

4 (1) THE LEGAL STATUS OF INTERNET GAMBLING IN THIS
5 COMMONWEALTH.

6 (2) THE FACT THAT INTERNET GAMBLING IS UNREGULATED BY
7 THE COMMONWEALTH, AND THAT THE FAIRNESS AND INTEGRITY OF
8 INTERNET GAMBLING CANNOT BE GUARANTEED.

9 (3) THE RISKS OF BEING DEFRAUDED OF POTENTIALLY LARGE
10 AMOUNTS OF MONEY WHEN GAMBLING ON THE INTERNET.

11 (4) THE RISKS TO PERSONAL SAFETY AND BODILY HARM WHEN
12 USING PERSONAL IDENTIFICATION ON THE INTERNET.

13 (5) THE RISKS OF IDENTITY THEFT WHEN USING PERSONAL
14 IDENTIFICATION OR FINANCIAL INFORMATION TO GAMBLE ON THE
15 INTERNET.

16 (6) SPECIAL RISKS FOR UNDERAGE AND PROBLEM GAMBLERS WHEN
17 GAMBLING ON THE INTERNET.

18 (7) ACCESS TO SERVICES FOR PROBLEM GAMBLERS, INCLUDING
19 CONTACT INFORMATION FOR THE COUNCIL ON COMPULSIVE GAMBLING
20 AND THE DEPARTMENT OF HEALTH.

21 (C) AGENCY COORDINATION.--THE BOARD SHALL COORDINATE ITS
22 EFFORTS WITH ANY ACTIVITIES BEING UNDERTAKEN BY OTHER STATE
23 AGENCIES TO PROVIDE INFORMATION TO THE PUBLIC ABOUT INTERNET
24 GAMBLING.

25 (D) WRITTEN INFORMATION.--THE BOARD, WITHIN THE LIMITS OF
26 FUNDS AVAILABLE FOR THIS PURPOSE, SHALL SEEK TO UTILIZE BOTH
27 ELECTRONIC AND PRINT MEDIA, AND MAY PREPARE AND DISSEMINATE SUCH
28 WRITTEN INFORMATION AS IT DEEMS NECESSARY TO ACCOMPLISH THE
29 PURPOSES OF THIS SECTION.

30 (E) ELECTRONIC INFORMATION.--THE BOARD SHALL MAKE AVAILABLE

1 ELECTRONICALLY ON ITS INTERNET WEBSITE IN BOTH ENGLISH AND
2 SPANISH, AND ANY OTHER LANGUAGE IT DEEMS NECESSARY AND
3 APPROPRIATE, INFORMATION ABOUT INTERNET GAMBLING AS DESCRIBED IN
4 SUBSECTION (B).

5 (F) RESOURCES.--THE BOARD MAY ACCEPT, FOR THE PURPOSES OF
6 THE PUBLIC AWARENESS CAMPAIGN, ANY SPECIAL GRANT OF FUNDS,
7 SERVICES OR PROPERTY FROM THE FEDERAL GOVERNMENT OR ANY OF ITS
8 AGENCIES, OR FROM ANY FOUNDATION, ORGANIZATION OR OTHER ENTITY.

9 (G) REPORT.--THE BOARD SHALL REPORT TO THE GOVERNOR AND THE
10 GENERAL ASSEMBLY, NOT LATER THAN 18 MONTHS AFTER THE EFFECTIVE
11 DATE OF THIS SECTION, ON THE ACTIVITIES AND ACCOMPLISHMENTS OF
12 THE INTERNET GAMBLING PUBLIC AWARENESS CAMPAIGN.

13 § 1209.1. Revocation and auction of slot machine license.

14 (a) General rule.--

15 (1) Within 30 days after the revocation of a slot
16 machine license, the board shall initiate a public auction of
17 the slot machine license and table game operation certificate
18 for the highest responsible bid that will provide the
19 greatest amount of ~~prospective~~ PROJECTED total revenue to the ←
20 Commonwealth, and otherwise serves the interests of the
21 citizens of Pennsylvania. The awarding of the slot machine
22 license and table game operation certificate shall be
23 conditional on the successful ~~bidder's~~ PROSPECTIVE LICENSEE'S ←
24 ability to satisfy the qualifications as provided in this
25 part and board regulations. The auction shall be conducted in
26 such a manner as to maximize the price for each slot machine
27 license and table game operation certificate. In no case may
28 a Category 1 slot machine license and table game operation
29 certificate be ~~sold~~ AWARDED for a fee lower than \$66,500,000. ←
30 In no case may a Category 2 slot machine license and table

1 game operation certificate be ~~sold~~ AWARDED for a fee lower ←
2 than \$66,500,000. In no case may a Category 3 slot machine
3 license and table game operation certificate be ~~sold~~ AWARDED ←
4 for a fee lower than \$12,500,000.

5 (1.1) For purposes of this section only, the ownership
6 or financial interest restrictions in section 1330 (relating
7 to multiple slot machine license prohibition) shall not
8 apply.

9 (2) The board shall adopt procedures and regulations to
10 facilitate the conduct of the public auction in such a manner
11 as to maximize the price for each slot machine license and
12 table game operation certificate.

13 (b) Bidding procedures.--The open and competitive bidding
14 process shall adhere to the following procedures:

15 (1) The board shall make applications for the slot
16 machine license available to applicants pursuant to section
17 1309 (relating to slot machine license application) and allow
18 a reasonable time for applicants to submit applications as
19 well as petitions for authorization to conduct table games
20 pursuant to section 13A12 (relating to petition requirements)
21 to the board.

22 (2) During the filing period of slot machine license
23 applications and petitions to conduct table games, the board
24 shall retain the services of a financial advisory firm to
25 assist the board in conducting the open and competitive
26 bidding process.

27 (3) A ~~bidder~~ PROSPECTIVE LICENSEE must submit a ←
28 definitive, noncontingent ~~offer to purchase~~ BINDING PROPOSAL ←
29 TO ACCEPT THE AWARD OF the slot machine license and table
30 game operation certificate. The binding proposal shall ←

1 provide MUST INCLUDE the following:

2 (i) The consideration to be paid by the prospective
3 purchaser LICENSEE.

4 (ii) Identification of all sources of external
5 financing involved in the transaction and submission of
6 all relevant commitment letters and other evidence of
7 financing.

8 (iii) Identification of the proposed location of the
9 new licensed facility.

10 (iv) Details of agreements with the municipality
11 where the licensed facility is to be located, including:

12 (A) Evidence of municipal approval to the
13 applicant for the licensed facility.

14 (B) Background and status of any discussions and
15 agreements with municipalities regarding the
16 construction of a licensed facility.

17 (v) A list of any regulatory, corporate or other
18 approvals required to consummate a transaction.

19 (vi) Information responsive to any other request for
20 information made by the board or the financial advisory
21 firm.

22 (vii) A discussion DESCRIPTION of the proposed
23 ownership structure, including any other equity
24 participants in the binding proposal.

25 (viii) A business plan for the proposed licensed
26 facility, including:

27 (A) General statement of financial viability.

28 (B) Proposed corporate involvement in charitable
29 activity.

30 (C) Revenue sharing with other communities.

1 (ix) Projected financial statements through 2012. ←
2 FOR FIVE YEARS FOLLOWING THE PROJECTED DATE TO COMMENCE ←
3 GAMING OPERATIONS AT THE LICENSED FACILITY.

4 (x) Date by which the prospective purchaser LICENSEE ←
5 will commit to commence gaming operations at the licensed
6 facility.

7 (xi) A PROJECTED date until which the prospective ←
8 purchaser LICENSEE agrees to keep such binding proposal ←
9 open and irrevocable.

10 (4) After receiving WITHIN FIVE DAYS OF ITS RECEIPT OF ←
11 all of the bid proposals, the board shall open DISCLOSE THE ←
12 CONTENT OF all of the proposals in a public forum and ←
13 disclose the prospective owners' names, venture partners, if
14 any, and in the case of applicants for owners' licenses, the
15 locations of the proposed development sites., INCLUDING: ←

- 16 (I) OWNERS' NAMES;
- 17 (II) VENTURE PARTNERS, IF ANY; AND
- 18 (III) IN THE CASE OF APPLICANTS FOR OWNERS'
19 LICENSES, THE LOCATIONS OF THE PROPOSED DEVELOPMENT
20 SITES.

21 (5) No later than six 30 business days following the ←
22 opening of the binding proposals, the financial advisory firm
23 shall deliver to the board a summary analysis of each binding
24 proposal as such has been refined and clarified by the
25 prospective owners.

26 (6) The board shall evaluate the proposals within a
27 reasonable time and select no more than three final
28 applicants to participate in an auction.

29 (7) FOLLOWING THE SELECTION OF THE THREE FINAL ←
30 APPLICANTS, THE BOARD SHALL DO ALL OF THE FOLLOWING:

1 (I) HOLD PUBLIC HEARINGS UNDER SECTION 1205
2 (RELATING TO LICENSE OR PERMIT APPLICATION HEARING
3 PROCESS; PUBLIC INPUT HEARINGS).

4 (II) EVALUATE THE WINNING BID WITHIN A REASONABLE
5 PERIOD OF TIME FOR LICENSE SUITABILITY IN ACCORDANCE WITH
6 ALL APPLICABLE STATUTORY AND REGULATORY CRITERIA,
7 INCLUDING COMPLIANCE WITH SECTIONS 1310 (RELATING TO SLOT
8 MACHINE LICENSE APPLICATION CHARACTER REQUIREMENTS), 1313
9 (RELATING TO SLOT MACHINE LICENSE APPLICATION FINANCIAL
10 FITNESS REQUIREMENTS), 1316 (RELATING TO BOND FOR
11 ISSUANCE OF SLOT MACHINE LICENSE) AND PROOF OF FINANCIAL
12 ABILITY AS REQUIRED BY SECTION 13A12(B) (9).

13 ~~(7)~~ (8) By agreeing to participate in the auction or by ←
14 making a presentation to the board if so requested, each
15 ~~competing bidder~~ PROSPECTIVE LICENSEE is agreeing that a ←
16 binding proposal, as refined and clarified, shall remain open
17 and irrevocable until the date indicated by such prospective
18 ~~purchaser~~ LICENSEE in such proposal. The date indicated shall ←
19 in no event be less than 30 days following the auction.

20 ~~(8)~~ (9) After the auction and following the ←
21 presentations, the board shall identify a ~~competing bidder~~ ←
22 PROSPECTIVE LICENSEE as the ~~leading proposal~~ WINNING ←
23 PROSPECTIVE LICENSEE for the auction.

24 ~~(9)~~ Upon selection of a winning bid, the board shall ←
25 evaluate the winning bid within a reasonable period of time
26 for license suitability in accordance with all applicable
27 statutory and regulatory criteria, including compliance with
28 the bond requirements of sections 1313 (relating to slot
29 machine license application financial fitness requirements)
30 and 1316 (relating to bond for issuance of slot machine

license) and proof of financial ability as required by
section 13A12(b) (9).

(10) If the winning bidder PROSPECTIVE LICENSEE is
unable or otherwise fails to consummate the transaction,
including if the board determines that the winning bidder
does not satisfy the suitability requirements pursuant to
this part, the board may, on the same criteria, select from
the remaining bidders PROSPECTIVE LICENSEES.

(c) Collusion among bidders PROSPECTIVE LICENSEES.--
Collusion among bidders PROSPECTIVE LICENSEES is unlawful. Any
contract or conspiracy which unreasonably results in
underbidding is unlawful. When any person has reason to believe
collusion or other anticompetitive practices have occurred among
any bidders PROSPECTIVE LICENSEES, a notice of the relevant
facts shall be transmitted to the Attorney General, who shall
investigate the reports. A bidder PROSPECTIVE LICENSEE who
violates this section shall be penalized pursuant to section
1518(b) (ii) (relating to prohibited acts; penalties).

(d) Proceeds.--The proceeds of the sale or auction of the
slot machine license and table game operation certificate shall
be deposited pursuant to sections 1209 (relating to slot machine
license fee) and 13A61 (relating to table game authorization
fee) INTO THE PROPERTY TAX RELIEF FUND.

(E) TEMPORARY REGULATIONS.--

(1) IN ORDER TO FACILITATE THE PROMPT IMPLEMENTATION OF
THIS SECTION, REGULATIONS PROMULGATED BY THE BOARD SHALL BE
DEEMED TEMPORARY REGULATIONS WHICH SHALL EXPIRE NOT LATER
THAN TWO YEARS FOLLOWING THE PUBLICATION OF THE TEMPORARY
REGULATION. THE BOARD MAY PROMULGATE TEMPORARY REGULATIONS
NOT SUBJECT TO ANY OF THE FOLLOWING:

1 (I) SECTIONS 201, 202, 203, 204 AND 205 OF THE ACT
2 OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE
3 COMMONWEALTH DOCUMENTS LAW.

4 (II) SECTION 204(B) OF THE ACT OF OCTOBER 15, 1980
5 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS
6 ACT.

7 (III) THE ACT OF JUNE 25, 1982 (P.L.633, NO.181),
8 KNOWN AS THE REGULATORY REVIEW ACT.

9 (2) THE BOARD'S AUTHORITY TO PROMULGATE TEMPORARY
10 REGULATIONS UNDER PARAGRAPH (1) SHALL EXPIRE ONE YEAR AFTER
11 THE EFFECTIVE DATE OF THIS SECTION. REGULATIONS ADOPTED AFTER
12 THIS PERIOD SHALL BE PROMULGATED AS PROVIDED BY LAW.

13 ~~(e)~~ (F) Definition.--As used in this section, "revocation" ←
14 means a decision by the board to revoke a slot machine license
15 that is final, binding, nonappealable and is not subject to a
16 pending legal challenge.

17 Section 2. Sections 1304(b) and 1307 of Title 4 are amended
18 to read:

19 § 1304. Category 2 slot machine license.

20 * * *

21 (b) Location.--

22 (1) [Two] (i) Subject to the provisions of paragraph
23 (1.1), not more than two Category 2 licensed facilities
24 [and no more shall] may be located by the board within a
25 city of the first class, and not more than one Category 2
26 licensed facility [and no more shall] may be located by
27 the board within a city of the second class.

28 (ii) No Category 2 licensed facility located by the
29 board within a city of the first class shall be within
30 ten linear miles of a Category 1 licensed facility

1 regardless of the municipality where the Category 1
2 licensed facility is located. Except for any Category 2
3 licensed facility located by the board within a city of
4 the first class or a city of the second class, no
5 Category 2 licensed facility shall be located within 30
6 linear miles of any Category 1 licensed facility that has
7 conducted over 200 racing days per year for the two
8 calendar years immediately preceding the effective date
9 of this part and not within 20 linear miles of any other
10 Category 1 licensed facility. Except for any Category 2
11 licensed facility located by the board within a city of
12 the first class, no Category 2 licensed facility shall be
13 located within 20 linear miles of another Category 2
14 licensed facility.

15 (1.1) In the event that a license for a Category 2
16 licensed facility to be located within a city of the first
17 class, which license was issued prior to the effective date
18 of this paragraph, is revoked by the board prior to
19 commencement of operations of the Category 2 licensed
20 facility, then the board shall reissue the revoked Category 2
21 slot machine license, pursuant to section 1209.1 (relating to
22 revocation and action of slot machine license) to another
23 applicant located anywhere in this Commonwealth for a
24 Category 2 licensed facility, provided that:

25 (i) no more than two Category 2 licensed facilities
26 may be located within a city of the first class;

27 (ii) no more than one Category 2 licensed facility
28 may be located in a city of the second class; and

29 (iii) the provisions of paragraph (1)(ii) are
30 satisfied.

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

26 (3) Notwithstanding any other provision of law, the
27 governing body of a city of the first class shall not exempt
28 from real property taxation or provide any real property tax
29 abatement under the act of December 1, 1977 (P.L.237, No.76),
30 known as the Local Economic Revitalization Tax Assistance

1 Act, to a Category 2 licensed facility located within the
2 city, or any improvements to such facility, unless the owner
3 of the licensed facility enters into or has entered into a
4 tax settlement agreement or payment in lieu of taxes
5 agreement with the city, including any amendments,
6 supplements or modifications of such agreements.

7 § 1307. Number of slot machine licenses.

8 The board may license no more than seven Category 1 licensed
9 facilities and no more than five Category 2 licensed facilities,
10 as it may deem appropriate, as long as [two, and not more ,] not
11 more than two Category 2 licensed facilities are located by the
12 board within the city of the first class and [that one, and not
13 more,] not more than one Category 2 licensed facility is located
14 by the board within the city of the second class, except in the
15 case of license revocation, wherein the provisions of section
16 1304(b)(1.1) (relating to Category 2 slot machine license) shall
17 apply. The board may at its discretion increase the total number
18 of Category 2 licensed facilities permitted to be licensed by
19 the board by an amount not to exceed the total number of
20 Category 1 licenses not applied for within five years following
21 the effective date of this part. Except as permitted by section
22 1328 (relating to change in ownership or control of slot machine
23 licensee), any Category 1 license may be reissued by the board
24 at its discretion as a Category 2 license if an application for
25 issuance of such license has not been made to the board. The
26 board may license no more than three Category 3 Licensed
27 facilities.

28 SECTION 3. SECTION 13A62(A)(1) AND (3) OF TITLE 4 ARE
29 AMENDED AND SUBSECTION (B) IS AMENDED BY ADDING A PARAGRAPH TO
30 READ:



1 § 13A62. TABLE GAME TAXES.

2 (A) IMPOSITION.--

3 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3), EACH
4 CERTIFICATE HOLDER SHALL REPORT TO THE DEPARTMENT AND PAY
5 FROM ITS DAILY GROSS TABLE GAME REVENUE, ON A FORM AND IN THE
6 MANNER PRESCRIBED BY THE DEPARTMENT, A TAX OF [12%] 14% OF
7 ITS DAILY GROSS TABLE GAME REVENUE.

8 * * *


9 [(3) THE TAX REPORTED AND PAYABLE UNDER PARAGRAPH (1) BY
10 EACH CERTIFICATE HOLDER SHALL BE 14% OF DAILY GROSS TABLE
11 GAME REVENUE FOR A PERIOD OF TWO YEARS FOLLOWING COMMENCEMENT
12 OF TABLE GAMES OPERATIONS AT ITS LICENSED FACILITY.]

13 (B) DEPOSITS AND DISTRIBUTIONS.--

14 * * *

15 (4) BEGINNING WITH FISCAL YEAR 2012-2013, THE DEPARTMENT
16 SHALL MAKE AN ANNUAL DISTRIBUTION OF 2% OF EACH CERTIFICATE
17 HOLDER'S DAILY GROSS TABLE GAME REVENUE TO THE PROPERTY TAX
18 RELIEF FUND.

19 * * *

20 SECTION 4. TITLE 4 IS AMENDED BY ADDING A SECTION TO READ: 
21 § 1410. PROHIBITION ON USE OF STATE FUNDS.

22 (A) GENERAL RULE.--NO MONEYS OF ANY FUND IN THE STATE
23 TREASURY MAY BE USED DIRECTLY OR INDIRECTLY BY A COMMONWEALTH
24 AGENCY FOR THE RELOCATION OF A LICENSED FACILITY, AND NO
25 COMMONWEALTH AGENCY SHALL PROVIDE STATE FUNDS TO ANY
26 MUNICIPALITY OR INSTRUMENTALITY THEREOF FOR THE PURPOSE OF
27 RELOCATING A LICENSED FACILITY.

28 (B) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
29 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
30 SUBSECTION:

1 "COMMONWEALTH AGENCY." THE TERM SHALL HAVE THE MEANING GIVEN
2 TO IT IN SECTION 102 OF THE ACT OF FEBRUARY 14, 2008 (P.L.6,
3 NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW.

4 Section 3 5. This act shall take effect immediately.

