
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1369 Session of
2012

INTRODUCED BY ORIE, VOGEL, WAUGH, ALLOWAY, MENSCH AND D. WHITE,
JANUARY 23, 2012

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JANUARY 23, 2012

AN ACT

1 Amending the act of December 17, 1981 (P.L.435, No.135),
2 entitled "An act providing for the regulation of pari-mutuel
3 thoroughbred horse racing and harness horse racing
4 activities; imposing certain taxes and providing for the
5 disposition of funds from pari-mutuel tickets," further
6 providing for the powers and duties of the commissions;
7 establishing the Office of Race Horse Integrity Unit;
8 providing for additional fees; further providing for existing
9 fees, taxes, fines and penalties and for funding by the
10 commissions; and making editorial changes.

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

13 Section 1. Section 202(b) of the act of December 17, 1981
14 (P.L.435, No.135), known as the Race Horse Industry Reform Act,
15 is amended by adding paragraphs to read:

16 Section 202. General powers of the commissions.

17 * * *

18 (b) Without limiting the generality of the foregoing and in
19 addition to its other powers:

20 * * *

21 (6) The commissions may charge annual license fees on

1 all licensees and impose an application fee for the issuance
2 of any license.

3 (7) The commissions may charge a fee for each horse
4 claimed in a race.

5 (8) The commissions may authorize the State Racing Fund
6 to accept moneys from any legitimate sources.

7 (9) The commissions may require out of competition drug
8 testing and drug testing of horses not stabled at racetracks.

9 (10) The commissions may license and regulate account
10 deposit wagering entities and online wagering companies doing
11 business in this Commonwealth.

12 (11) The commissions may provide mediation services with
13 respect to live racing payments between racetracks and
14 horsemen's organizations in accordance with the prior
15 authority relating to backside improvement plans.

16 (12) The commissions may provide for the duties of
17 laboratories conducting drug testing.

18 (13) The commissions are authorized to enter into
19 interstate compacts relating to thresholds and sanctions for
20 drug testing programs and account deposit wagering
21 activities.

22 (14) The commissions are authorized to engage in
23 marketing activities relating to horse racing in this
24 Commonwealth and all situations relating to the horse racing
25 industry.

26 (15) The commissions may award matching grants for horse
27 racing rehabilitation and retirement centers and provide
28 oversight to ensure the proper use of the grants.

29 (16) The commissions may grant waivers for the Statewide
30 minimum number of required racing days based on the best

1 interests of race horses and the industry.

2 * * *

3 Section 2. The act is amended by adding a section to read:

4 Section 202.1. Horse Racing Integrity Unit.

5 (a) Establishment.--There is established within the Office
6 of Attorney General the Horse Racing Integrity Unit.

7 (b) Powers and duties.--The unit shall have the powers and
8 duties to review and conduct investigations in connection with
9 all licenses issued under this act and any alleged violations of
10 this act.

11 (c) Personnel.--

12 (1) The Attorney General shall assign agents to
13 supervisory and other capacities in the unit as necessary.
14 All other personnel of the unit may be civilians.

15 (2) Except as provided in paragraph (3), all personnel
16 shall continue in their employment with the unit with the
17 same pay scales, salaries, wages, seniority benefits, pension
18 rights and other incidents of employment.

19 (3) The unit director, in consultation with the Attorney
20 General, shall determine which personnel transferred under
21 this section shall be retained as unit employees and which
22 personnel transferred under this section shall be replaced
23 within a six-month period after the appointment of the unit
24 director except employees covered under a current collective
25 bargaining agreement.

26 (d) Employment requirements.--

27 (1) Prospective employees of the unit shall submit an
28 application and a personal disclosure form to the unit
29 director which shall include a complete criminal history,
30 including convictions and current charges for all felonies

1 and misdemeanors.

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

5 (3) The unit director shall obtain fingerprints and
6 photographs for each prospective employee consistent with the
7 standards adopted by the Pennsylvania State Police.

8 (4) The unit director shall verify the identification,
9 employment and education of each prospective employee,
10 including:

11 (i) Legal name, including any alias, date of birth
12 and Social Security number.

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

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

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

17 (5) The unit director shall not hire a prospective
18 employee if the prospective employee:

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

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

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

27 (6) The unit director shall not employ a person unless
28 the requirements of paragraphs (1), (2), (3) and (4) have
29 been met.

30 (7) The unit director shall:

1 (i) Immediately refer any criminal matter involving
2 an employee to the Pennsylvania State Police.

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

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

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

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

13 (e) Expenses and budget.--The expenses of the unit shall be
14 reimbursed by the Department of Revenue through the
15 implementation of appropriate fees on those licensed by the
16 commissions under this act and at levels which cover the annual
17 expenses incurred by the unit.

18 (f) Annual report.--The unit shall prepare and submit an
19 annual itemized expense report and annual budget to the
20 department.

21 Section 3. Section 204(b) of the act, amended July 3, 1984
22 (P.L.577, No.115), is amended to read:

23 Section 204. Filing of information concerning stock transfers;
24 necessity for commissions' approval.

25 * * *

26 (b) If, after the filing of any affidavit required to be
27 filed, there shall be any change in the status of any affiant
28 with respect to any of the matters set forth in subsection (a)
29 (1) of the affidavit filed, the affiant shall file with the
30 corporation with which his affidavit was so filed a new

1 affidavit, executed by him in duplicate, setting forth the
2 change of status [and], the corporation shall file one of these
3 affidavits with the appropriate commission and shall pay a fee
4 set by the commission for the costs of background investigations
5 and other costs.

6 * * *

7 Section 4. Section 208(a) of the act, amended December 30,
8 1983 (P.L.400, No.93), is amended to read:

9 Section 208. State admissions taxes.

10 (a) Every corporation holding a thoroughbred horse race
11 meeting under this act shall collect, in addition to the
12 admission price of tickets sold or otherwise disposed of, for
13 each meeting held by the corporation, a tax [equivalent to 15%
14 of the admission price, or 15¢ whichever is greater]. In case of
15 failure to collect the tax, the tax shall be imposed upon the
16 corporation holding the race meeting. The tax shall be paid to
17 the Department of Revenue within ten days of collection. The
18 amounts collected shall be paid into the State Treasury to the
19 credit of the State Racing Fund. Before any corporation liable
20 to pay the tax shall hold any race meeting, or exercise any of
21 the powers conferred by this act, the corporation shall pay all
22 taxes due, and shall file a statement with the Department of
23 Revenue containing the name of the place and stating the time
24 when the races are to be held. Nothing in this section shall
25 apply to a race meeting conducted by any state, county or other
26 agricultural association. Retroactive to September 1, 1981 and
27 thereafter, the admission tax shall be decreased to a tax
28 equivalent to 10% of the admission price. Then on September 1,
29 1982 and thereafter, the admission tax shall be decreased to a
30 tax equivalent to 5% of the admission price.

1 * * *

2 Section 5. Section 210(b) of the act, amended July 3, 1984
3 (P.L.577, No.115), is amended to read:

4 Section 210. Shareholders.

5 * * *

6 (b) It shall be the duty of each licensed corporation within
7 ten days after any transfer of stock comprising an interest of
8 5% or more in such licensee, to notify the appropriate
9 commission of the transfer and to pay a fee set by the
10 commission for the costs of background investigations and other
11 costs.

12 * * *

13 Section 6. Section 214(a) of the act, amended May 16, 1986
14 (P.L.205, No.63), is amended to read:

15 Section 214. Power of commissions to impose fines and
16 penalties.

17 (a) In addition to their power to suspend or revoke licenses
18 granted by them, the commissions are authorized and empowered to
19 impose fines upon any corporation, association or person
20 participating in any way in any horse race meet at which pari-
21 mutuel wagering is conducted, other than as a patron and whether
22 licensed by the commissions or not, for a violation of any
23 provision of this act or the rules and regulations promulgated
24 by the commissions, not exceeding [\$5,000] \$25,000 for each
25 violation, which fines shall be paid into the State Treasury
26 through the Department of Revenue and credited to the General
27 Fund. Following exhaustion of any administrative remedies
28 promulgated by the commissions for such purpose, the action of
29 the commissions in imposing any monetary fine shall be subject
30 to appeal to the Commonwealth Court and as approved by that

1 court system, or if no court appeal is taken, then as imposed,
2 may be collected in an action of assumpsit.

3 * * *

4 Section 7. Sections 218-A(c) and 302 of the act, amended or
5 added May 16, 1986 (P.L.205, No.63), are amended to read:

6 Section 218-A. Wagering at nonprimary locations.

7 * * *

8 [(c) The commissions shall jointly conduct an evaluation of
9 the use of telephone account wagering, including the use of
10 master accounts, transfer accounts, credit or debit cards, any
11 other form of electronic signal transmission and live
12 telecasting to or from areas open to the public not primary to
13 or contiguous with a racetrack. The evaluation shall consider
14 whether such activities are in the public interest and are
15 beneficial to racing and shall recommend, if such activities are
16 deemed desirable by the commissions, appropriate rules and
17 regulations for the conduct of such activities: Provided, That a
18 licensed corporation shall not be permitted to conduct pari-
19 mutuel wagering at any location which is within the primary
20 market area of another licensed corporation, as defined in
21 section 102 and section 218(e). The evaluation shall also
22 recommend whether any enlargement or modification to the laws
23 regulating such activities is necessary or desirable. In
24 performing the evaluation, the commissions shall study in detail
25 experimental activities authorized by the commissions, including
26 an analysis of the impact of conducting such activities at each
27 experimental site approved by the commissions. The evaluation is
28 to be completed by October 31, 1986, with copies of the
29 commissions' report being forwarded, within two weeks of that
30 date, to the Governor, the President pro tempore of the Senate,

1 the Speaker of the House, the Chairman of the Senate State
2 Government Committee and the Chairman of the State Government
3 Committee of the House of Representatives. The evaluation shall
4 include, but not be limited to, an investigation and study of
5 the following matters:

6 (1) Which laws permit or prohibit the use of telephone
7 account wagering in coordination with live telecasting to
8 public locations and the utilization of transfer accounts,
9 master accounts, credit or debit cards or other forms of
10 electronic signal transmissions for pari-mutuel wagering at
11 such locations.

12 (2) In situations where such activities occur at
13 premises licensed by the Liquor Control Board to serve
14 alcoholic beverages, whether such activities violate any
15 portion of the act of April 12, 1951 (P.L.90, No.21), known
16 as the "Liquor Code."

17 (3) The financial viability of live telecasting to
18 public locations, together with the use of telephone account
19 wagering, transfer accounts, electronic signal transmissions,
20 or credit or debit card wagering, including the benefits or
21 disadvantages for the commissions, the licensed racing
22 corporation, horsemen and the general public.

23 (4) The local and Statewide community, fiscal and social
24 impact of such wagering activities at public locations.

25 (5) An analysis of the commissions' ability to properly
26 regulate and control such wagering at public locations in
27 order to protect the public and the integrity of the racing
28 industry.

29 (6) The ability of the commissions to investigate the
30 background of individuals owning or having an interest in

1 premises upon which such wagering takes place.

2 (7) Patron betting behavior and satisfaction or abuse of
3 telephone account wagering, transfer accounts, credit or
4 debit cards or other forms of electronic signal transmissions
5 for the purpose of pari-mutuel wagering.

6 (8) What types of promotional activities have taken
7 place by the racing corporation or particular wagering sites
8 to encourage such wagering and what types of promotional
9 activities are proper and appropriate.

10 (9) What types of reporting procedures and records have
11 been and should be required from the licensed racing
12 corporation and individual wagering sites so as to assure all
13 revenues are accounted for and winners names are filed with
14 the proper taxing authorities.

15 (10) What minimum requirements with regard to physical
16 structures, facilities, equipment, security and public health
17 and safety are necessary and appropriate for locations at
18 which such wagering occurs.]

19 * * *

20 Section 302. Establishment of the Pennsylvania Race Horse
21 Testing Program.

22 (a) There is hereby established the Pennsylvania Race Horse
23 Testing Program. The program shall be administered by a
24 management committee composed of the two chairpersons of the
25 commissions, the Secretary of Agriculture and two persons
26 appointed by the Governor. One person appointed by the Governor
27 must be a doctor of veterinary medicine or a veterinary medical
28 doctor and a member of the faculty of a school of veterinary
29 medicine located within this Commonwealth and the other person
30 must be employed within the private sector and have a background

1 in biological and/or chemical laboratory management. The program
2 is placed in and made a part of the Department of Agriculture.
3 [All costs of the program shall be paid by the commissions.]
4 Subject to all provisions of the act of April 9, 1929 (P.L.177,
5 No.175), known as "The Administrative Code of 1929," that apply
6 to the department, the management committee shall appoint and
7 direct all personnel as necessary, establish a facility or
8 contract for the provision of testing services, acquire all
9 necessary equipment and supplies and adopt all necessary
10 procedures.

11 (b) The purposes of the Pennsylvania Race Horse Testing
12 Program are to analyze samples for the presence in race horses
13 of any medication, to develop techniques, equipment and
14 procedures, to collect and test for the presence of medication
15 in race horses, to ascertain permitted tolerance levels or
16 therapeutic dose allowances for medication, to offer
17 consultation and advice to the public on all issues regarding
18 the medication of race horses and to conduct research in
19 medication issues involving race horses.

20 [(c) In order to evaluate the effectiveness of testing
21 services performed by personnel of the Department of Agriculture
22 and determine whether the manner in which these services are
23 provided, the tests utilized and tolerance levels permitted
24 should be modified, the commissions shall equally fund a
25 contracted evaluation of existing laboratory services to be
26 conducted by a nongovernmental entity with documented expertise
27 to accurately evaluate existing laboratory services and
28 formulate recommendations for improvement of the testing
29 program. Upon review of the evaluation results, the department
30 may implement in consultation with the management committee a

1 program to improve laboratory services, including, if necessary
2 and appropriate, the selection of a contractor or contractors to
3 provide testing services. This study shall be completed on or
4 before January 1, 1987, and copies provided to the Governor, the
5 President pro tempore of the Senate, the Speaker of the House of
6 Representatives and the members of the State Government
7 Committees of the Senate and the House of Representatives within
8 15 working days.]

9 Section 8. This act shall take effect in 60 days.