
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2428 Session of
2015

INTRODUCED BY ADOLPH, OCTOBER 24, 2016

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, OCTOBER 24, 2016

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, in revenues relating to gaming, further providing
3 for establishment of State Gaming Fund and net slot machine
4 revenue distribution.

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

7 Section 1. Section 1403(b) and (c) of Title 4 of the
8 Pennsylvania Consolidated Statutes are reenacted and amended to
9 read:

10 § 1403. Establishment of State Gaming Fund and net slot machine
11 revenue distribution.

12 * * *

13 (b) Slot machine tax.--The department shall determine and
14 each slot machine licensee shall pay a daily tax of 34% from its
15 daily gross terminal revenue from the slot machines in operation
16 at its facility and [a local share assessment] an annual fee as
17 provided in subsection (c). All funds owed to the Commonwealth,
18 a county or a municipality under this section shall be held in
19 trust by the licensed gaming entity for the Commonwealth, the

1 county and the municipality until the funds are paid or
2 transferred to the fund. Unless otherwise agreed to by the
3 board, a licensed gaming entity shall establish a separate bank
4 account to maintain gross terminal revenue until such time as
5 the funds are paid or transferred under this section. Moneys in
6 the fund are hereby appropriated to the department on a
7 continuing basis for the purposes set forth in subsection (c).

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

9 (1) Transfer the slot machine tax and [assessment]
10 annual fee imposed in subsection (b) to the fund.

11 (2) From the [local share assessment] annual fee
12 established in subsection (b), make quarterly distributions
13 among the counties hosting a licensed facility in accordance
14 with the following schedule:

15 (i) If the licensed facility is a Category 1
16 licensed facility that is located at a harness racetrack
17 and the county, including a home rule county, in which
18 the licensed facility is located is:

19 (A) A county of the first class: [4%] 2% of the
20 gross terminal revenue to the county hosting the
21 licensed facility from each such licensed facility
22 and \$10,000,000. Notwithstanding any other provision
23 to the contrary, funds from licensed gaming entities
24 located within a county of the first class shall not
25 be distributed outside of a county of the first
26 class.

27 (B) A county of the second class: 2% of the
28 gross terminal revenue to the county hosting the
29 licensed facility from each such licensed facility.

30 (C) A county of the second class A: 1% of the

1 gross terminal revenue to the county hosting the
2 licensed facility from each such licensed facility.
3 An additional 1% of the gross terminal revenue to the
4 county hosting the licensed facility from each such
5 licensed facility for the purpose of municipal grants
6 within the county in which the licensee is located.

7 (D) (I) A county of the third class: Except as
8 provided in subclause (II), 2% of the gross
9 terminal revenue from each such licensed facility
10 shall be deposited into a restricted receipts
11 account to be established in the Commonwealth
12 Financing Authority to be used exclusively for
13 grants for projects in the public interest to
14 municipalities within the county where the
15 licensed facility is located.

16 (I.1) Priority shall be given to multiyear
17 projects approved or awarded by the Department of
18 Community and Economic Development under
19 subclause (I) on or before the effective date of
20 this subclause.

21 (II) If a licensed facility is located in
22 one of two counties of the third class where a
23 city of the third class is located in both
24 counties of the third class, the county in which
25 the licensed facility is located shall receive
26 1.2% of the gross terminal revenue to be
27 distributed as follows: 20% to the host city,
28 30% to the host county and 50% to the host county
29 for the purpose of making municipal grants within
30 the county, with priority given to municipalities

1 contiguous to the host city. The county of the
2 third class, which includes a city of the third
3 class that is located in two counties of the
4 third class and is not the host county for the
5 licensed facility, shall receive .8% of the gross
6 terminal revenue to be distributed as follows:
7 60% to a nonhost city of the third class located
8 solely in the nonhost county in which the host
9 city of the third class is also located or 60% to
10 the nonhost city of the third class located both
11 in the host and nonhost counties of the third
12 class, 35% to the nonhost county and 5% to the
13 nonhost county for the purpose of making
14 municipal grants within the county.

15 (E) A county of the fourth class: 2% of the
16 gross terminal revenue from each such licensed
17 facility shall be distributed as follows:

18 (I) The department shall make distributions
19 directly to each municipality within the county,
20 except the host municipality, by using a formula
21 equal to the sum of \$25,000 plus \$10 per resident
22 of the municipality using the most recent
23 population figures provided by the Department of
24 Community and Economic Development, provided,
25 however, that the amount so distributed to any
26 municipality shall not exceed 50% of its total
27 budget for fiscal year 2009, adjusted for
28 inflation in subsequent fiscal years by an amount
29 not to exceed an annual cost-of-living adjustment
30 calculated by applying any upward percentage

1 change in the Consumer Price Index immediately
2 prior to the date the adjustment is due to take
3 effect. Distributions to a municipality in
4 accordance with this subclause shall be deposited
5 into a special fund which shall be established by
6 the municipality. The governing body of the
7 municipality shall have the right to draw upon
8 the special fund for any lawful purpose provided
9 that the municipality identifies the fund as the
10 source of the expenditure. Each municipality
11 shall annually submit a report to the Department
12 of Community and Economic Development detailing
13 the amount and purpose of each expenditure made
14 from the special fund during the prior fiscal
15 year.

16 (II) Any funds not distributed under
17 subclause (I) shall be deposited into a
18 restricted receipts account established in the
19 Department of Community and Economic Development
20 to be used exclusively for grants to the county,
21 to economic development authorities or
22 redevelopment authorities within the county for
23 grants for economic development projects,
24 infrastructure projects, job training, community
25 improvement projects, other projects in the
26 public interest, and necessary and reasonable
27 administrative costs. Notwithstanding the
28 provisions of the act of February 9, 1999 (P.L.1,
29 No.1), known as the Capital Facilities Debt
30 Enabling Act, grants made under this clause may

1 be utilized as local matching funds for other
2 grants or loans from the Commonwealth.

3 (F) Counties of the fifth through eighth
4 classes:

5 (I) Except as set forth in subclause (II),
6 2% of the gross terminal revenue from each such
7 licensed facility shall be deposited into a
8 restricted account established in the Department
9 of Community and Economic Development to be used
10 exclusively for grants to the county.

11 (II) If the licensed facility is located in
12 a second class township in a county of the fifth
13 class, 2% of the gross terminal revenue from the
14 licensed facility shall be distributed as
15 follows:

16 (a) 1% shall be deposited into a
17 restricted receipts account to be established
18 in the Commonwealth Financing Authority to be
19 used exclusively for grants for projects in
20 the public interest to municipalities within
21 the county where the licensed facility is
22 located.

23 (b) 1% shall be distributed to the county
24 for projects in the public interest in the
25 county.

26 (G) Any county not specifically enumerated in
27 clauses (A) through (F), 2% of the gross terminal
28 revenue to the county hosting the licensed facility
29 from each such licensed facility.

30 (ii) If the licensed facility is a Category 1

1 licensed facility and is located at a thoroughbred
2 racetrack and the county in which the licensed facility
3 is located is:

4 (A) A county of the first class: [4%] 2% of the
5 gross terminal revenue to the county hosting the
6 licensed facility from each such licensed facility
7 and \$10,000,000. Notwithstanding any other provision
8 to the contrary, funds from licensed gaming entities
9 located within the county of the first class shall
10 not be distributed outside of a county of the first
11 class.

12 (B) A county of the second class: 2% of the
13 gross terminal revenue to the county hosting the
14 licensed facility from each such licensed facility.

15 (C) A county of the second class A: 1% of the
16 gross terminal revenue to the county hosting the
17 licensed facility from each such licensed facility.
18 An additional 1% of the gross terminal revenue to the
19 county hosting the licensed facility from each such
20 licensed facility for the purpose of municipal grants
21 within the county in which the licensee is located.

22 (D) A county of the third class: 1% of the
23 gross terminal revenue to the county hosting the
24 licensed facility from each such licensed facility.
25 An additional 1% of the gross terminal revenue to the
26 county hosting the licensed facility from each such
27 licensed facility for the purpose of municipal grants
28 within the county in which the licensee is located.

29 (E) A county of the fourth class: 2% of the
30 gross terminal revenue from each such licensed

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

13 (F) Counties of the fifth through eighth
14 classes: 2% of the gross terminal revenue from each
15 such licensed facility shall be deposited into a
16 restricted account established in the Department of
17 Community and Economic Development to be used
18 exclusively for grants to the county.

19 (G) Any county not specifically enumerated in
20 clauses (A) through (F), 2% of the gross terminal
21 revenue to the county hosting the licensed facility
22 from each such licensed facility.

23 (iii) If the facility is a Category 2 licensed
24 facility and if the county in which the licensed facility
25 is located is:

26 (A) A county of the first class: [4%] 2% of the
27 gross terminal revenue to the county hosting the
28 licensed facility from each such licensed facility
29 and \$10,000,000. Notwithstanding any other provision
30 to the contrary, funds from licensed gaming entities

1 located within a county of the first class shall not
2 be distributed outside of a county of the first
3 class. The first \$5,000,000 of the total amount
4 distributed annually to the county of the first class
5 shall be distributed to the Philadelphia School
6 District.

7 (B) A county of the second class: 2% of the
8 gross terminal revenue to the county hosting the
9 licensed facility from each such licensed facility.

10 (C) A county of the second class A: 1% of the
11 gross terminal revenue to the county hosting the
12 licensed facility from each such licensed facility.
13 An additional 1% of the gross terminal revenue to the
14 county hosting the licensed facility from each such
15 licensed facility for the purpose of municipal grants
16 within the county in which the licensee is located.

17 (D) A county of the third class: 1% of the
18 gross terminal revenue to the county hosting the
19 licensed facility from each such licensed facility.
20 An additional 1% of the gross terminal revenue to the
21 county hosting the licensed facility from each such
22 licensed facility for the purpose of municipal grants
23 within the county in which the licensee is located.

24 (D.1) If a licensed facility is located in one
25 of two counties of the third class where a city of
26 the third class is located in both counties of the
27 third class, the county in which the licensed
28 facility is located shall receive 1.2% of the gross
29 terminal revenue to be distributed as follows: 20%
30 to the host city, 30% to the host county and 50% to

1 the host county for the purpose of making municipal
2 grants within the county, with priority given to
3 municipalities contiguous to the host city. The
4 county of the third class, which includes a city of
5 the third class that is located in two counties of
6 the third class and is not the host county for the
7 licensed facility, shall receive .8% of the gross
8 terminal revenue to be distributed as follows: 60%
9 to a nonhost city of the third class located solely
10 in the nonhost county in which the host city of the
11 third class is also located or 60% to the nonhost
12 city of the third class located both in the host and
13 nonhost counties of the third class, 35% to the
14 nonhost county and 5% to the nonhost county for the
15 purpose of making municipal grants within the county.

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

30 (F) Counties of the fifth class: 2% of the

1 gross terminal revenue from each such licensed
2 facility shall be deposited and distributed as
3 follows:

4 (I) One percent to be distributed as
5 follows:

6 (a) Beginning in 2010, the sum of
7 \$2,400,000 annually for a period of 20 years
8 to the county for purposes of funding debt
9 service related to the construction of a
10 community college campus located within the
11 county.

12 (b) Any funds not distributed under
13 subclause (a) shall be deposited into a
14 restricted receipts account to be established
15 in the Commonwealth Financing Authority to be
16 used exclusively for grants within the county
17 for economic development projects, road
18 projects located within a 20-mile radius of
19 the licensed facility and located within the
20 county, community improvement projects and
21 other projects in the public interest within
22 the county. The amount under this subclause
23 includes reasonable administrative costs.

24 (II) One percent shall be deposited into a
25 restricted receipts account to be established in
26 the Commonwealth Financing Authority to be used
27 exclusively for grants within contiguous counties
28 for economic development projects, community
29 improvement projects and other projects in the
30 public interest within contiguous counties. The

1 amount under this subclause includes reasonable
2 administrative costs. A contiguous county that
3 hosts a Category 1 licensed facility shall be
4 ineligible to receive grants under this
5 subclause.

6 (II.1) Priority shall be given to multiyear
7 projects approved or awarded by the Department of
8 Community and Economic Development under
9 subclause (I) (b) or (II) on or before the
10 effective date of this subclause.

11 (III) Fifty percent of any revenue required
12 to be transferred under paragraph (3) (v) shall be
13 deposited into the restricted receipts account
14 established under subclause (I) (b), and 50% shall
15 be deposited into the restricted receipts account
16 established under subclause (II). Notwithstanding
17 the Capital Facilities Debt Enabling Act, grants
18 made under this clause may be utilized as local
19 matching funds for other grants or loans from the
20 Commonwealth.

21 (G) Any county not specifically enumerated in
22 clauses (A) through (F), 2% of the gross terminal
23 revenue to the county hosting the licensed facility
24 from each such licensed facility.

25 (iv) (A) Except as provided in clause (B) or (C),
26 if the facility is a Category 3 licensed facility, 2%
27 of the gross terminal revenue from the licensed
28 facility shall be deposited into a restricted
29 receipts account established in the Department of
30 Community and Economic Development to be used

1 exclusively for grants to the county, to economic
2 development authorities or redevelopment authorities
3 within the county for grants for economic development
4 projects, community improvement projects and other
5 projects in the public interest.

6 (B) If the facility is a Category 3 licensed
7 facility located in a county of the second class A,
8 2% of the gross terminal revenue from the licensed
9 facility shall be deposited into a restricted
10 receipts account to be established in the
11 Commonwealth Financing Authority to be used
12 exclusively for grants or guarantees for projects in
13 the host county that qualify under 64 Pa.C.S. §§ 1551
14 (relating to Business in Our Sites Program), 1556
15 (relating to Tax Increment Financing Guarantee
16 Program) and 1558 (relating to Water Supply and
17 Wastewater Infrastructure Program).

18 (C) If the facility is a Category 3 licensed
19 facility located in a county of the fifth class that
20 is contiguous to a county of the seventh class, 2% of
21 the gross terminal revenue from the licensed facility
22 shall be deposited into a restricted receipts account
23 to be established in the Commonwealth Financing
24 Authority to be used exclusively for grants within
25 the county for economic development projects,
26 infrastructure projects, community improvement
27 projects and other projects in the public interest
28 within the county and for infrastructure projects
29 within a 20-mile radius of the licensed facility in a
30 contiguous county of the seventh class.

1 (v) Unless otherwise specified, for the purposes of
2 this paragraph money designated for municipal grants
3 within a county, other than a county of the first class,
4 in which a licensed facility is located shall be used to
5 fund grants to the municipality in which the licensed
6 facility is located, to the county in which the licensed
7 facility is located and to the municipalities which are
8 contiguous to the municipality in which the licensed
9 facility is located and which are located within the
10 county in which the licensed facility is located. Grants
11 shall be administered by the county through its economic
12 development or redevelopment authority in which the
13 licensed facility is located. Grants shall be used to
14 fund the costs of human services, infrastructure
15 improvements, facilities, emergency services, health and
16 public safety expenses associated with licensed facility
17 operations. If at the end of a fiscal year uncommitted
18 funds exist, the county shall pay to the economic
19 development or redevelopment authority of the county in
20 which the licensed facility is located the uncommitted
21 funds.

22 (vi) If the licensed facility is located in more
23 than one county, the amount available shall be
24 distributed on a pro rata basis determined by the
25 percentage of acreage located in each county to the total
26 acreage of all counties occupied by the licensed
27 facility.

28 (vii) The distributions provided in this paragraph
29 shall be based upon county classifications in effect on
30 the effective date of this section. Any reclassification

1 of counties as a result of a Federal decennial census or
2 of a State statute shall not apply to this subparagraph.

3 (viii) If any provision of this paragraph is found
4 to be unenforceable for any reason, the distribution
5 provided for in the unenforceable provision shall be made
6 to the county in which the licensed facility is located
7 for the purposes of grants to municipalities in that
8 county, including municipal grants as specified in
9 subparagraph (v).

10 (ix) Nothing in this paragraph shall prevent any of
11 the above counties which directly receive a distribution
12 under this section from entering into intergovernmental
13 cooperative agreements with other jurisdictions for
14 sharing this money.

15 (3) From the [local share assessment] annual fee
16 established in subsection (b), make quarterly distributions
17 among the municipalities, including home rule municipalities,
18 hosting a licensed facility in accordance with the following
19 schedule:

20 (i) To a city of the second class hosting a licensed
21 facility, other than a Category 3 licensed facility, [2%
22 of the gross terminal revenue or] \$10,000,000 annually[,
23 whichever is greater,] shall be paid by each licensed
24 gaming entity operating a facility located in that city.
25 [In the event that the revenues generated by the 2% do
26 not meet the \$10,000,000 minimum specified in this
27 subparagraph, the department shall collect the remainder
28 of the minimum amount of \$10,000,000 from each licensed
29 gaming entity operating a facility in the city and
30 deposit that amount in the city treasury.]

1 (ii) To a city of the second class A hosting a
2 licensed facility, other than a Category 3 licensed
3 facility, [2% of the gross terminal revenue or]
4 \$10,000,000 annually[, whichever is greater,] shall be
5 paid by each licensed entity operating a licensed
6 facility located in that city, subject, however, to the
7 budgetary limitation in this subparagraph. The amount
8 allocated to the designated municipalities shall not
9 exceed 50% of their total budget for fiscal year 2003-
10 2004, adjusted for inflation in subsequent years by an
11 amount not to exceed an annual cost-of-living adjustment
12 calculated by applying the percentage change in the
13 Consumer Price Index immediately prior to the date the
14 adjustment is due to take effect. Any remaining moneys
15 shall be collected by the department from each licensed
16 gaming entity and distributed in accordance with
17 paragraph (2) based upon the classification of county
18 where the licensed facility is located. [In the event
19 that the revenues generated by the 2% do not meet the
20 \$10,000,000 minimum specified in this subparagraph, the
21 department shall collect the remainder of the minimum
22 amount of \$10,000,000 from each licensed gaming entity
23 operating a facility in the city, pay any balance due to
24 the city and transfer any remainder in accordance with
25 paragraph (2).]

26 (iii) To a city of the third class hosting a
27 licensed facility, other than a Category 3 licensed
28 facility, [2% of the gross terminal revenue or]
29 \$10,000,000 annually[, whichever is greater,] shall be
30 paid by each licensed gaming entity operating a licensed

1 facility located in that city, subject, however, to the
2 budgetary limitation in this subparagraph. In the event
3 that the city has a written agreement with a licensed
4 gaming entity executed prior to the effective date of
5 this part, the amount paid under the agreement to the
6 city shall be applied and credited to the [difference
7 between 2% of the gross terminal revenue and the]
8 \$10,000,000 owed under this subparagraph [if the 2% of
9 the gross terminal revenue is less than \$10,000,000. If
10 2% of the gross terminal revenue is greater than the
11 \$10,000,000 required to be paid under this subparagraph,
12 the credit shall not apply. The amount of gross terminal
13 revenue required to be paid pursuant to the agreement
14 shall be deemed to be gross terminal revenue for purposes
15 of this subparagraph]. The amount allocated to the
16 designated municipalities shall not exceed 50% of their
17 total budget for fiscal year 2003-2004, adjusted for
18 inflation in subsequent years by an amount not to exceed
19 an annual cost-of-living adjustment calculated by
20 applying the percentage change in the Consumer Price
21 Index immediately prior to the date the adjustment is due
22 to take effect. Any remaining moneys shall be collected
23 by the department from each licensed gaming entity and
24 distributed in accordance with paragraph (2) based upon
25 the classification of county where the licensed facility
26 is located. [In the event that the revenues generated by
27 the 2% do not meet the \$10,000,000 minimum specified in
28 this subparagraph, the department shall collect the
29 remainder of the minimum amount of \$10,000,000 from each
30 licensed gaming entity operating a facility, pay any

1 balance due to the city of the third class and transfer
2 any remainder in accordance with paragraph (2).]

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

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

1 calculated by applying the percentage change in the
2 Consumer Price Index immediately prior to the date the
3 adjustment is due to take effect. Any remaining money
4 shall be collected by the department from each licensed
5 gaming entity and distributed in accordance with
6 paragraph (2) based upon the classification of county
7 where the licensed facility is located. [In the event
8 that the revenues generated by the 2% do not meet the
9 \$10,000,000 minimum specified in this subparagraph, the
10 department shall collect the remainder of the minimum
11 amount of \$10,000,000 from each licensed gaming entity
12 operating a licensed facility in the township, pay any
13 balance due to the township and transfer any remainder in
14 accordance with paragraph (2).]

15 (v) To a township of the second class hosting a
16 licensed facility:

17 (A) [2% of the gross terminal revenue or]
18 \$10,000,000 annually[, whichever is greater,] shall
19 be paid by each licensed gaming entity operating a
20 licensed facility, other than a Category 3 licensed
21 facility or a licensed facility owning land adjacent
22 to the licensed facility located in more than one
23 township of the second class, to the township of the
24 second class hosting the licensed facility, subject,
25 however, to the budgetary limitation in this
26 subparagraph. The amount allocated to the designated
27 municipalities shall not exceed 50% of their total
28 budget for fiscal year 2003-2004, adjusted for
29 inflation in subsequent years by an amount not to
30 exceed an annual cost-of-living adjustment calculated

1 by applying the percentage change in the Consumer
2 Price Index immediately prior to the date the
3 adjustment is due to take effect. Any remaining money
4 shall be collected by the department from each
5 licensed gaming entity and distributed in accordance
6 with paragraph (2) based upon the classification of
7 county where the licensed facility is located. [If
8 revenues generated by the 2% do not meet the
9 \$10,000,000 minimum specified in this subparagraph,
10 the department shall collect the remainder of the
11 minimum amount of \$10,000,000 from each licensed
12 gaming entity operating a licensed facility in the
13 township, pay any balance due to the township and
14 transfer any remainder in accordance with paragraph
15 (2).]

16 (B) [2% of the gross terminal revenue or]
17 \$10,000,000 annually[, whichever is greater,] less
18 the amount paid under clause (C), shall be paid by
19 each licensed gaming entity operating a licensed
20 facility and owning land adjacent to the licensed
21 facility located in more than one township of the
22 second class, other than a Category 3 licensed
23 facility, to the township of the second class hosting
24 the licensed facility, subject, however, to the
25 budgetary limitation in this subparagraph. The amount
26 allocated to the designated municipalities may not
27 exceed 50% of their total budget for the fiscal year
28 2003-2004, adjusted for inflation in subsequent years
29 by an amount not to exceed an annual cost-of-living
30 adjustment calculated by applying the percentage

1 change in the Consumer Price Index immediately prior
2 to the date the adjustment is due to take effect. Any
3 remaining money shall be collected by the department
4 from each licensed gaming entity and distributed in
5 accordance with paragraph (2) based upon the
6 classification of the county where the licensed
7 facility is located. The county commissioners of a
8 county of the third class in which the licensed
9 facility is located shall appoint an advisory
10 committee for the purpose of advising the county as
11 to the need for municipal grants for health, safety,
12 transportation and other projects in the public
13 interest to be comprised of two individuals from the
14 host municipality, two from contiguous municipalities
15 within the county of the third class and one from the
16 host county. [In the event that the revenues
17 generated by the 2% do not meet the \$10,000,000
18 minimum specified in this subparagraph, the
19 department shall collect the remainder of the minimum
20 amount of \$10,000,000 from each licensed gaming
21 entity operating a licensed facility in the township,
22 pay any balance due to the township and transfer any
23 remainder in accordance with paragraph (2).]

24 (C) \$160,000 annually shall be paid [by each
25 licensed gaming entity operating a licensed facility
26 and owning land adjacent to the licensed facility
27 located in more than one township of the second
28 class, other than a Category 3 licensed facility, to]
29 if the township of the second class [that] is located
30 in a county of the fifth class in which the adjacent

1 land is located, including racetracks, grazing fields
2 or any other adjoining real property.

3 (vi) To a borough hosting a licensed facility, other
4 than a Category 3 licensed facility, [2% of the gross
5 terminal revenue or] \$10,000,000 annually[, whichever is
6 greater,] shall be paid by each licensed gaming entity
7 operating a licensed facility located in that borough,
8 subject, however, to the budgetary limitation in this
9 subparagraph. The amount allocated to the designated
10 municipalities shall not exceed 50% of their total budget
11 for fiscal year 2003-2004, adjusted for inflation in
12 subsequent years by an amount not to exceed an annual
13 cost-of-living adjustment calculated by applying the
14 percentage change in the Consumer Price Index immediately
15 prior to the date the adjustment is due to take effect.
16 Any remaining money shall be collected by the department
17 from each licensed gaming entity and distributed in
18 accordance with paragraph (2) based upon the
19 classification of county where the licensed facility is
20 located. [In the event that the revenues generated by the
21 2% do not meet the \$10,000,000 minimum specified in this
22 subparagraph, the department shall collect the remainder
23 of the minimum amount of \$10,000,000 from each licensed
24 gaming entity operating a licensed facility in the
25 borough, pay any balance due to the borough and transfer
26 any remainder in accordance with paragraph (2).]

27 (vii) To an incorporated town hosting a licensed
28 facility, other than a Category 3 licensed facility, [2%
29 of the gross terminal revenue or] \$10,000,000 annually[,
30 whichever is greater,] shall be paid by each licensed

1 entity operating a licensed facility located in the town,
2 subject, however, to the budgetary limitation in this
3 subparagraph. The amount allocated to the designated
4 municipalities shall not exceed 50% of their total budget
5 for fiscal year 2003-2004, adjusted for inflation in
6 subsequent years by an amount not to exceed an annual
7 cost-of-living adjustment calculated by applying the
8 percentage change in the Consumer Price Index immediately
9 prior to the date the adjustment is due to take effect.
10 Any remaining money shall be collected by the department
11 from each licensed gaming entity and distributed in
12 accordance with paragraph (2) based upon the
13 classification of county where the licensed facility is
14 located. [In the event that the revenues generated by the
15 2% do not meet the \$10,000,000 minimum specified in this
16 subparagraph, the department shall collect the remainder
17 of the minimum amount of \$10,000,000 from each licensed
18 gaming entity operating a licensed facility in the
19 incorporated town, pay any balance due to the town and
20 transfer any remainder in accordance with paragraph (2).]

21 (viii) (A) Except as provided in clause (B) or (C),
22 to a municipality of any class hosting a Category 3
23 facility, 2% of the gross terminal revenue from the
24 Category 3 licensed facility located in the
25 municipality, subject, however, to the budgetary
26 limitation in this clause. The amount allocated to
27 the designated municipalities shall not exceed 50% of
28 their total budget for fiscal year 2009, adjusted for
29 inflation in subsequent years by an amount not to
30 exceed an annual cost-of-living adjustment calculated

1 by applying the percentage change in the Consumer
2 Price Index immediately prior to the date the
3 adjustment is due to take effect. Any remaining money
4 shall be collected by the department from each
5 licensed gaming entity and distributed in accordance
6 with paragraph (2) based upon the classification of
7 county where the licensed facility is located.

8 (B) If the municipality hosting a Category 3
9 licensed facility is a borough located in a county of
10 the third class and the borough is contiguous to a
11 city of the third class, 1% of gross terminal revenue
12 shall be distributed to the host borough and 1% of
13 gross terminal revenue shall be distributed to the
14 city of the third class that is contiguous to the
15 host borough, subject, however, to the budgetary
16 limitation in this clause. The amount allocated to
17 each designated municipality shall not exceed 50% of
18 its total budget for fiscal year 2009, adjusted for
19 inflation in subsequent years by an amount not to
20 exceed an annual cost-of-living adjustment calculated
21 by applying the percentage increase, if any, in the
22 Consumer Price Index immediately prior to the date
23 the adjustment is due to take effect. Any remaining
24 money shall be collected by the department from each
25 licensed gaming entity and distributed in accordance
26 with paragraph (2) based upon the classification of
27 county where the licensed facility is located.

28 (C) If the municipality hosting a Category 3
29 licensed facility is a township of the second class
30 in a county of the fifth class which is contiguous to

1 a county of the seventh class, 2% of the gross
2 terminal revenue from the Category 3 licensed
3 facility located in the municipality shall be
4 distributed to the municipality, subject, however, to
5 the budgetary limitation in this clause. The amount
6 allocated to the designated municipalities shall not
7 exceed the lesser of \$1,000,000 or 50% of their total
8 budget for fiscal year 2009, adjusted for inflation
9 in subsequent years by an amount not to exceed an
10 annual cost-of-living adjustment calculated by
11 applying the percentage change in the Consumer Price
12 Index immediately prior to the date the adjustment is
13 due to take effect. Any remaining money shall be
14 collected by the department from each licensed gaming
15 entity and distributed in equal amounts to each
16 municipality contiguous to the host municipality.
17 However, the amount to be allocated to any contiguous
18 municipality shall not exceed the lesser of
19 \$1,000,000 or 50% of the municipality's total budget
20 for fiscal year 2009, adjusted for inflation in
21 subsequent years by an amount not to exceed an annual
22 cost-of-living adjustment calculated by applying the
23 percentage change in the Consumer Price Index
24 immediately prior to the date the adjustment is due
25 to take effect. Any money remaining following
26 distribution to contiguous municipalities shall be
27 collected by the department and distributed in
28 accordance with paragraph (2) based upon the
29 classification of county where the licensed facility
30 is located.

1 (ix) Any municipality not specifically enumerated
2 in subparagraphs (i) through (viii), 2% of the gross
3 terminal revenue to the municipality hosting the licensed
4 facility from each such licensed facility.

5 (x) If the licensed facility is located in more than
6 one municipality, the amount available shall be
7 distributed on a pro rata basis determined by the
8 percentage of acreage located in each municipality to the
9 total acreage of all municipalities occupied by the
10 licensed facility.

11 (xi) If the licensed facility is located at a resort
12 which is also an incorporated municipality, such
13 municipality shall not be eligible to receive any
14 distribution under this paragraph. The distribution it
15 would have otherwise been entitled to under this
16 paragraph shall instead be distributed in accordance with
17 paragraph (2) based upon the county where the licensed
18 facility is located.

19 (xii) The distributions provided in this paragraph
20 shall be based upon municipal classifications in effect
21 on the effective date of this section. For the purposes
22 of this paragraph, any reclassification of municipalities
23 as a result of a Federal decennial census or of a State
24 statute shall not apply to this paragraph.

25 (xiii) If any provision of this paragraph is found
26 to be unenforceable for any reason, the distribution
27 provided for in such unenforceable provision shall be
28 made to the municipality in which the licensed facility
29 is located.

30 (xiv) Nothing in this paragraph shall prevent any of

1 the above municipalities from entering into
2 intergovernmental cooperative agreements with other
3 jurisdictions for sharing this money.

4 (xv) Notwithstanding any other law, agreement or
5 provision in this part to the contrary, all revenues
6 provided, directed or earmarked under this section to or
7 for the benefit of a city of the second class in which an
8 intergovernmental cooperation authority has been
9 established and is in existence pursuant to the act of
10 February 12, 2004 (P.L.73, No.11), known as the
11 Intergovernmental Cooperation Authority Act for Cities of
12 the Second Class, shall be directed to and under the
13 exclusive control of such intergovernmental cooperation
14 authority to be used:

15 (A) to reduce the debt of the second class city;

16 (B) to increase the level of funding of the
17 municipal pension funds of the second class city; or

18 (C) for any other purposes as determined to be
19 in the best interest of the second class city by such
20 intergovernmental cooperation authority. Such
21 revenues shall not be directed to or under the
22 control of such city of the second class or any
23 coordinator appointed pursuant to the act of July 10,
24 1987 (P.L.246, No.47), known as the Municipalities
25 Financial Recovery Act, for such city of the second
26 class.

27 * * *

28 Section 2. This act shall take effect in 60 days.