

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 352 Session of 2015

INTRODUCED BY VOGEL, YAW, YUDICHAK, VULAKOVICH, WOZNIAK, HUGHES, WHITE, RAFFERTY, SCARNATI, WARD AND WILEY, JANUARY 28, 2015

AS AMENDED ON THIRD CONSIDERATION, JUNE 16, 2015

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," in general
6 provisions, further providing for definitions; repealing
7 provisions relating to the State Horse Racing Commission and
8 State Harness Racing Commission; in racing oversight,
9 providing for racing oversight, for pari-mutuel wagering
10 licensing and for advance deposit wagering; PROVIDING FOR <--
11 COMPLIANCE; in medication rules and enforcement provisions,
12 further providing for mandatory requirements for medication
13 rules, for establishment of Pennsylvania Race Horse Testing
14 Program, for costs for enforcement of medication rules; and
15 providing for the cessation of the State Horse Racing
16 Commission and the State Harness Racing Commission.

17 The General Assembly of the Commonwealth of Pennsylvania
18 hereby enacts as follows:

19 Section 1. Section 102 of the act of December 17, 1981
20 (P.L.435, No.135), known as the Race Horse Industry Reform Act,
21 amended or added May 16, 1986 (P.L.205, No.63) and November 30,
22 1988 (P.L.1090, No.127), is amended to read:

23 Section 102. Definitions.

24 The following words and phrases when used in this act shall
25 have, unless the context clearly indicates otherwise, the

1 meanings given to them in this section:

2 ["Air mile." A unit of distance equal to 1,852 kilometers or
3 5,280 feet for purposes of this act.]

4 ~~"Advance deposit account wagering." A form of pari mutuel <--~~
5 ~~wagering in which an individual may establish an account with a~~
6 ~~person licensed by the commission, and may place a pari mutuel~~
7 ~~wager through that account.~~

8 "ACCOUNT." AN ACCOUNT FOR ACCOUNT WAGERING WITH A SPECIFIC <--
9 IDENTIFIABLE RECORD OF DEPOSITS, WAGERS AND WITHDRAWALS
10 ESTABLISHED BY AN ACCOUNT HOLDER AND MANAGED BY THE LICENSED
11 RACING ENTITY OR SECONDARY PARI-MUTUEL ORGANIZATION.

12 "ACCOUNT HOLDER." AN INDIVIDUAL WHO SUCCESSFULLY COMPLETED
13 AN APPLICATION AND FOR WHOM THE LICENSED RACING ENTITY OR
14 SECONDARY PARI-MUTUEL ORGANIZATION HAS OPENED AN ACCOUNT.

15 "ADVANCE DEPOSIT ACCOUNT WAGERING SYSTEM." A SYSTEM BY WHICH
16 WAGERS ARE DEBITED AND PAYOUTS ARE CREDITED TO AN ADVANCE
17 DEPOSIT ACCOUNT HELD BY A LICENSED RACING ENTITY OR SECONDARY
18 PARI-MUTUEL ORGANIZATION ON BEHALF OF A PERSON.

19 "Applicant." A person who, on his own behalf or on behalf of
20 another, is applying for permission to engage in an act or
21 activity which is regulated under the provisions of this act. If
22 the applicant is a person other than an individual, the
23 commission shall determine the associated persons whose
24 qualifications are necessary as a precondition to the licensing
25 of the applicant.

26 ~~"Backside area." As defined in 4 Pa.C.S. § 1103 (relating to <--~~
27 ~~definitions). AN AREA OF THE RACETRACK ENCLOSURE THAT IS NOT~~
28 GENERALLY ACCESSIBLE TO THE PUBLIC AND WHICH INCLUDES, BUT IS
29 NOT LIMITED TO, A FACILITY COMMONLY REFERRED TO AS A BARN, TRACK
30 KITCHEN, RECREATION HALL, BACKSIDE EMPLOYEE QUARTERS AND

1 TRAINING TRACK, AND ROADWAYS PROVIDING ACCESS TO THE AREA. THE
2 TERM DOES NOT INCLUDE AN AREA OF THE RACETRACK ENCLOSURE WHICH
3 IS GENERALLY ACCESSIBLE TO THE PUBLIC, INCLUDING THE VARIOUS
4 BUILDINGS COMMONLY REFERRED TO AS THE GRANDSTAND OR THE RACING
5 SURFACE, PADDOCK ENCLOSURE AND WALKING RING.

6 "Breakage." The odd cents of redistributions to be made on
7 contributions to pari-mutuel pools exceeding a sum equal to the
8 next lowest multiple of ten.

9 "Clean letter of credit." A letter of credit which is
10 available to the beneficiary against presentation of only a
11 draft or receipt.

12 "Commission." The State Horse Racing Commission.

13 ["Commissions." The State Horse Racing Commission and the
14 State Harness Racing Commission.

15 "Commissioners." The persons appointed by the Governor and
16 confirmed by the Senate who serve on the State Horse Racing
17 Commission or the State Harness Racing Commission and who
18 administer the applicable provisions of this act.]

19 "Commissioner." An individual appointed to and sworn in as a
20 member of the commission in accordance with section 201-A(b).

21 ~~"Conviction." As defined in 4 Pa.C.S. § 1103 (relating to <--
22 definitions).~~

23 ~~"Electronic wagering." A legal wager placed by an individual
24 in this Commonwealth related only to the outcome of a horse race
25 taking place in this Commonwealth, placed or transmitted by an
26 individual through telephone or any electronic media approved by
27 the commission and accepted by a licensed racing entity or its
28 approved off track betting system located in this Commonwealth.~~

29 "CONVICTION." A FINDING OF GUILT OR A PLEA OF GUILTY OR NOLO <--
30 CONTENDERE, WHETHER OR NOT A JUDGMENT OF SENTENCE HAS BEEN

1 IMPOSED AS DETERMINED BY THE LAW OF THE JURISDICTION IN WHICH
2 THE PROSECUTION WAS HELD. THE TERM DOES NOT INCLUDE A CONVICTION
3 THAT HAS BEEN EXPUNGED OR OVERTURNED OR FOR WHICH AN INDIVIDUAL
4 HAS BEEN PARDONED OR AN ORDER OF ACCELERATED REHABILITATIVE
5 DISPOSITION.

6 "ELECTRONIC WAGERING." A METHOD OF PLACING OR TRANSMITTING A
7 LEGAL WAGER BY AN INDIVIDUAL IN THIS COMMONWEALTH THROUGH
8 TELEPHONE, ELECTRO-MECHANICAL, COMPUTERIZED SYSTEM OR ANY OTHER
9 FORM OF ELECTRONIC MEDIA APPROVED BY THE COMMISSION AND ACCEPTED
10 BY A SECONDARY PARI-MUTUEL ORGANIZATION OR A LICENSED RACING
11 ENTITY OR THE LICENSED RACING ENTITY'S APPROVED OFF-TRACK
12 BETTING SYSTEM LOCATED IN THIS COMMONWEALTH.

13 "Evergreen clause." A term in a letter of credit providing
14 for automatic renewal of the letter of credit.

15 "Ex parte communication." An off-the-record communication
16 engaged in or received by a commissioner ~~or hearing officer~~ of <--
17 the commission regarding the merits of, or any fact in issue
18 relating to, a pending matter before the commission ~~or hearing~~ <--
19 officer or which may reasonably be expected to come before the
20 commission ~~or hearing officer~~ in a contested on-the-record <--
21 proceeding. The term shall not include:

22 (1) An off-the-record communication by a commissioner ~~or~~ <--
23 hearing officer of the commission, the Department of Revenue,
24 Pennsylvania State Police, Attorney General or other law
25 enforcement official, prior to the beginning of the
26 proceeding solely for the purpose of seeking clarification or
27 correction to evidentiary materials intended for use in the
28 proceedings.

29 (2) A communication between the commission or a
30 commissioner and legal counsel.

1 ~~"Felony." As defined in 4 Pa.C.S. § 1213(4) (relating to~~ <--
2 ~~license or permit prohibition).~~

3 "FELONY." AN OFFENSE UNDER THE LAWS OF THIS COMMONWEALTH OR <--
4 THE LAWS OF ANOTHER JURISDICTION, PUNISHABLE BY IMPRISONMENT FOR
5 MORE THAN FIVE YEARS.

6 "Financial interest." An ownership, property, leasehold or
7 other beneficial interest in an entity. The term shall not
8 include an interest which is held or deemed to be held in any of
9 the following:

10 (1) Securities that are held in a pension plan, profit-
11 sharing plan, individual retirement account, tax-sheltered
12 annuity, a plan established under section 457 of the Internal
13 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 457), or
14 any successor provision, deferred compensation plan whether
15 qualified or not qualified under the Internal Revenue Code of
16 1986, or any successor provision or other retirement plan
17 that:

18 (i) Is not self-directed by the individual.

19 (ii) Is advised by an independent investment adviser
20 who has sole authority to make investment decisions with
21 respect to contributions made by the individual to these
22 plans.

23 (2) A tuition account plan organized and operated under
24 section 529 of the Internal Revenue Code of 1986 that is not
25 self-directed by the individual.

26 (3) A mutual fund where the interest owned by the mutual
27 fund in a licensed racing entity does not constitute a
28 controlling interest as defined in 4 Pa.C.S. § 1103 (relating
29 to definitions).

30 "Horse race meeting." A specified period and dates each year

1 during which a licensed racing entity is authorized to conduct
2 live racing or pari-mutuel wagering as approved by the
3 commission.

4 "Horse racing." Standardbred horse racing and thoroughbred
5 horse racing.

6 "Horseman's organization." A trade association which
7 represents the majority of owners and trainers who own and race
8 horses at a racetrack.

9 "Immediate family." A spouse, parent, brother, sister or
10 child.

11 "Irrevocable clean letter of credit." A clean letter of
12 credit which cannot be canceled or amended unless there is an
13 agreement to cancel or amend among all parties to the letter of
14 credit.

15 "Land mile." A unit of distance equal to 1,609.3 meters or
16 5,280 feet.

17 ["Licensed corporations." The corporations that have
18 obtained a license from either the State Horse Racing Commission
19 or the State Harness Racing Commission to conduct thoroughbred
20 or harness horse race meetings respectively with pari-mutuel
21 wagering.]

22 ~~"Licensed advance deposit account wagering entity." A person <--~~
23 ~~licensed by the commission to conduct advance deposit account~~
24 ~~wagering and accept deposits and wagers, issue receipts or other~~
25 ~~confirmation to the account holder evidencing such deposits and~~
26 ~~wagers, and transfer credits and debits to and from accounts.~~

27 ~~"Licensed entity." As defined in 4 Pa.C.S. § 1103 (relating~~
28 ~~to definitions).~~

29 ~~"Licensed facility." As defined in 4 Pa.C.S. § 1103~~
30 ~~(relating to definitions).~~

1 "Licensed RACING entity representative." A person, including <--
2 an attorney, agent or lobbyist, acting on behalf of or
3 authorized to represent the interest of any applicant, licensee,
4 permittee or other person authorized by the commission to engage
5 in any act or activity regulated by the commission under this
6 act regarding any matter before, or which may be reasonably
7 expected to come before, the commission. The term shall include
8 a person representing a horseman's organization or a horse
9 breeder's organization.

10 "Licensed racing entity." Any person that has obtained a
11 license to conduct live thoroughbred or harness horse race
12 meetings respectively with pari-mutuel wagering from the
13 commission.

14 "Licensee." The holder of a license issued under this act.

15 "NOMINAL CHANGE IN OWNERSHIP." THE SALE, PLEDGE, <--
16 ENCUMBRANCE, EXECUTION OF AN OPTION AGREEMENT OR OTHER TRANSFER
17 OF LESS THAN 5% OF THE EQUITY SECURITIES OR OTHER OWNERSHIP
18 INTEREST OF A PERSON WHOSE PERCENTAGE OWNERSHIP DOES NOT AFFECT
19 THE DECISIONS OF THE LICENSED RACING ENTITY.

20 "Nonprimary location." Any facility in which pari-mutuel
21 wagering is conducted by a licensed racing entity pursuant to
22 this act other than the [primary racetrack location] racetrack
23 where live racing is conducted.

24 ["Nonprimary location statement." The written statement
25 pursuant to this act submitted to the appropriate commission by
26 a licensed corporation planning to establish a nonprimary
27 location.]

28 "Ownership interest." Owning or holding, or being deemed to
29 hold, debt or equity securities or other ownership interest or
30 profit interest.

1 "Permittee." The holder of a permit issued under this act. <--

2 "PARI-MUTUEL WAGERING." A FORM OF WAGERING, INCLUDING
3 MANUAL, ELECTRONIC, COMPUTERIZED AND OTHER FORMS AS APPROVED BY
4 THE COMMISSION, ON THE OUTCOME OF A HORSE RACING EVENT IN WHICH
5 ALL WAGERS ARE POOLED AND HELD BY A LICENSED RACING ENTITY OR
6 SECONDARY PARI-MUTUEL ORGANIZATION FOR DISTRIBUTION OF THE TOTAL
7 AMOUNT, LESS THE DEDUCTIONS AUTHORIZED BY LAW, TO HOLDERS OF
8 WINNING TICKETS.

9 "Person." Any natural person, corporation, foundation,
10 organization, business trust, estate, limited liability company,
11 license corporation, trust, partnership, limited liability
12 partnership, association or any other form of legal business
13 entity.

14 "Primary market area of a racetrack." The land area included
15 in a circle drawn with the racetrack as the center and a radius
16 of 35 land miles.

17 "PRINCIPAL." ANY OF THE FOLLOWING INDIVIDUALS ASSOCIATED <--
18 WITH A PARTNERSHIP, TRUST ASSOCIATION, LIMITED LIABILITY COMPANY
19 OR CORPORATION:

20 (1) THE CHAIRMAN AND EACH MEMBER OF THE BOARD OF
21 DIRECTORS OF A CORPORATION.

22 (2) EACH PARTNER OF A PARTNERSHIP AND EACH PARTICIPATING
23 MEMBER OF A LIMITED LIABILITY COMPANY.

24 (3) EACH TRUSTEE AND TRUST BENEFICIARY OF AN
25 ASSOCIATION.

26 (4) THE PRESIDENT OR CHIEF EXECUTIVE OFFICER AND EACH
27 OTHER OFFICER, MANAGER AND EMPLOYEE WHO HAS POLICY-MAKING OR
28 FIDUCIARY RESPONSIBILITY WITHIN THE ORGANIZATION.

29 (5) EACH STOCKHOLDER OR OTHER INDIVIDUAL WHO OWNS, HOLDS
30 OR CONTROLS, EITHER DIRECTLY OR INDIRECTLY, 5% OR MORE OF

1 STOCK OR FINANCIAL INTEREST IN THE COLLECTIVE ORGANIZATION.

2 (6) ANY OTHER EMPLOYEE, AGENT, GUARDIAN, PERSONAL
3 REPRESENTATIVE, LENDER OR HOLDER OF INDEBTEDNESS WHO HAS THE
4 POWER TO EXERCISE A SIGNIFICANT INFLUENCE OVER THE
5 APPLICANT'S OR LICENSEE'S OPERATION.

6 "Racetrack." The physical facility where a licensed
7 [corporation] racing entity conducts thoroughbred or [harness]
8 standardbred race meetings respectively with pari-mutuel
9 wagering.

10 "Racetrack enclosure." For purposes of this act, the term
11 "racetrack enclosure," with respect to each licensed
12 [corporation] racing entity, shall be deemed to include at least
13 one primary racetrack location at which horse race meetings
14 authorized to be held by the licensed [corporation] racing
15 entities are conducted, INCLUDING THE GRANDSTAND, FRONTSIDE AND <--
16 BACKSIDE FACILITIES and all primary, nonprimary, contiguous and
17 noncontiguous locations of the licensed [corporation] racing
18 entity which are specifically approved by the [appropriate]
19 commission for conducting the pari-mutuel system of wagering on
20 the results of horse [races] racing held at such meetings or
21 race meetings conducted by another licensed [corporation] racing
22 entity or [televised] TRANSMITTED to such locations by <--
23 simulcasting.

24 "Secondary market area of a racetrack." The land area
25 included in a circle drawn with the racetrack as the center and
26 a radius of 50 land miles, not including the primary market area
27 of the racetrack.

28 ~~"Simulcast." The transmission of live electronically~~ <--
29 ~~televised video/audio races from the host racetrack to the [race~~
30 ~~track] racetrack receiving the television transmission.~~

1 "SECONDARY PARI-MUTUEL ORGANIZATION." A LICENSED ENTITY, <--
2 OTHER THAN A LICENSED RACING ENTITY, THAT OFFERS AND ACCEPTS
3 PARI-MUTUEL WAGERS.

4 "SIMULCAST." [THE TRANSMISSION OF LIVE ELECTRONICALLY
5 TELEVISED VIDEO/AUDIO RACES FROM THE HOST RACETRACK TO THE RACE
6 TRACK RECEIVING THE TELEVISION TRANSMISSION.] LIVE VIDEO AND
7 AUDIO TRANSMISSION OF A RACE AND PARI-MUTUEL INFORMATION FOR THE
8 PURPOSE OF PARI-MUTUEL WAGERING AT LOCATIONS OTHER THAN THE
9 RACETRACK WHERE THE RACE IS RUN.

10 "Standardbred horse racing" or "harness racing." A form of
11 horse racing in which the horses participating are attached "in
12 harness" to a sulky or other similar vehicle, at a specific
13 gait, either a trot or pace.

14 "SUBSTANTIAL CHANGE IN OWNERSHIP." THE SALE, PLEDGE, <--
15 ENCUMBRANCE, EXECUTION OF AN OPTION AGREEMENT OR ANOTHER
16 TRANSFER OF 5% OR MORE OF THE EQUITY SECURITIES OR OTHER
17 OWNERSHIP INTEREST OF A PERSON WHOSE PERCENTAGE OWNERSHIP
18 AFFECTS THE DECISIONS OF THE LICENSED RACING ENTITY.

19 "Thoroughbred horse racing." The form of horse racing in
20 which each participating horse is mounted by a jockey, is duly
21 registered with The Jockey Club of New York and engages in horse
22 racing on the flat, which may include a steeplechase or hurdle
23 race.

24 "Totalisator." A computer system used to pool wagers, record
25 sales, calculate payoffs and display wagering data on a display
26 device that is located at a pari-mutuel facility or nonprimary
27 location.

28 Section 2. Chapter 2 of the act is repealed:

29 [CHAPTER 2

30 STATE HORSE RACING COMMISSION AND STATE HARNESS

RACING COMMISSION

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Section 201. Establishment of the commissions.

(a) The State Horse Racing Commission is hereby established as a departmental administrative commission within the Department of Agriculture. The commission shall have general jurisdiction over all pari-mutuel thoroughbred horse racing activities in the Commonwealth and the corporations engaged therein. For the purposes of this act, "thoroughbred horse racing" means that form of horse racing in which each participating horse is mounted by a jockey, is duly registered with the Jockey Club, New York, New York and engages in races on the flat. Thoroughbred horse racing may include a steeplechase or hurdle race. The commission shall consist of three members who shall be appointed by the Governor, by and with the advice and consent of the Senate. Each commissioner shall hold office for a term of three years and until a successor is qualified.

(b) The State Harness Racing Commission is hereby established as a departmental administrative commission within the Department of Agriculture. The commission shall have general jurisdiction over all pari-mutuel harness racing activities in the Commonwealth and the corporations engaged therein. The commission shall consist of three members who shall be appointed by the Governor, by and with the advice and consent of the Senate. Each commissioner shall hold office for a term of three years and until a successor is qualified.

(c) The commissioners shall be reimbursed for documented expenses incurred in the performance of their official duties. The commissioners shall be paid \$150 per diem for performing their duties as directed by the Secretary of Agriculture. One of the commissioners for each commission shall be appointed by the

1 Governor as chairperson. The commissioner appointed by the
2 Governor as chairperson shall serve in that position at the
3 pleasure of the Governor. The Secretary of Agriculture or his
4 designee shall be a nonvoting ex officio member of the
5 commissions. The commissions shall meet at least once a month
6 and at other times as the Secretary of Agriculture or the
7 commission chairperson deems necessary. Adequate public notice
8 of the time and place of the meetings shall be given. A
9 commissioner who fails to attend three consecutive meetings
10 shall be subject to removal. A commissioner shall be excused
11 from meetings due to illness or death of an immediate family
12 member. All commissioners shall be licensed under the provisions
13 of section 213.

14 (d) Each commission shall engage an executive secretary,
15 deputies, secretaries, officers and representatives as it may
16 deem necessary, who shall serve during its pleasure. The
17 commissions shall also engage other employees as they see fit
18 and whose duties shall be prescribed by the commissions and
19 whose compensation shall be fixed by the commissions within the
20 appropriations available. Legal counsel for the commissions
21 shall be appointed in accordance with the act of October 15,
22 1980 (P.L.950, No.164), known as the "Commonwealth Attorneys
23 Act." Each commission shall be subject to the provisions of the
24 act of April 9, 1929 (P.L.177, No.175), known as "The
25 Administrative Code of 1929," as to classification and
26 compensation for all its employees.

27 (e) It shall be the duty of the executive secretary to keep
28 a full and faithful record of the proceedings of the
29 commissions, preserve at the general office of the commissions
30 all books, maps, documents and papers entrusted to the executive

1 secretary's care, prepare for service the papers and notices as
2 may be required by the commissions and perform other duties as
3 the commissions may prescribe. It shall be the duty of the
4 executive secretary to keep, at the offices of the commissions,
5 a docket setting forth the names of all stockholders in all
6 corporations licensed under this act, the number of shares held
7 by each stockholder and the date on which each shareholder
8 acquired stock in the licensed corporation. The docket shall be
9 open for public inspection. It shall be the duty of the
10 executive secretary to appear before the Appropriations
11 Committees of the Senate and the House of Representatives for
12 budgetary review and recommendations.

13 (f) The commissions or designated officers, employees or
14 agents of the commissions shall have the power to administer
15 oaths and examine witnesses and may issue subpoenas to compel
16 attendance of witnesses and production of all relevant and
17 material reports, books, papers, documents, correspondence and
18 other evidence. The commissions shall, annually, make a full
19 report to the Secretary of Agriculture of their proceedings for
20 the preceding calendar year and suggestions and recommendations
21 as they see fit. The commissions shall exercise their powers and
22 duties in accordance with the provisions of "The Administrative
23 Code of 1929."

24 (g) The terms and termination dates of the terms of the
25 three commissioners who constitute the State Horse Racing
26 Commission under the act of December 11, 1967 (P.L.707, No.331),
27 referred to as the Pennsylvania Thoroughbred Horse Racing Law,
28 shall continue under this act. Any commissioner whose term has
29 already expired on the effective date of this act and who has
30 not been replaced by a new member or has not been confirmed for

1 another term, shall continue in his or her present status until
2 replaced by a new member or confirmed for another term.

3 (h) The terms and termination dates of the terms of the
4 three commissioners who constitute the State Harness Racing
5 Commission under the act of December 22, 1959 (P.L.1978,
6 No.728), referred to as the Pennsylvania Harness Racing Law,
7 shall continue under this act. Any commissioner whose term has
8 already expired on the effective date of this section and who
9 has not been replaced by a new member or has not been confirmed
10 for another term, shall continue in his or her present status
11 until replaced by a new member or confirmed for another term.

12 (i) All rules and regulations promulgated under the
13 provisions of the Pennsylvania Thoroughbred Horse Racing Law and
14 the Pennsylvania Harness Racing Law shall remain in effect
15 except to the extent that they are in direct conflict with the
16 provisions of this act. The commissions may amend, revise or
17 alter these rules and regulations as they deem necessary.

18 (j) All licenses issued under the provisions of section 11
19 of the Pennsylvania Thoroughbred Horse Racing Law and under the
20 provisions of section 9 of the Pennsylvania Harness Racing Law,
21 shall remain in effect for the remainder of the term for which
22 these licenses were issued. After these licenses have expired,
23 all renewals or new licenses shall be issued under the
24 provisions of this act.

25 (k) All licenses issued to corporations under the provisions
26 of section 7 of the Pennsylvania Thoroughbred Horse Racing Law
27 and under the provisions of section 7 of the Pennsylvania
28 Harness Racing Law, shall continue with the same force and
29 effect and shall be governed by the provisions of section 209.
30 Section 202. General powers of the commissions.

1 (a) The State Horse Racing Commission shall have the power
2 to supervise all thoroughbred horse race meetings at which pari-
3 mutuel wagering is conducted. The State Harness Racing
4 Commission shall have the power to supervise all harness horse
5 racing meetings at which pari-mutuel wagering is conducted. The
6 commissions may adopt rules and regulations to effect the
7 purposes and provisions of this act.

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

10 (1) Each commission shall have power to fix a minimum
11 charge for admission to horse race meetings at which pari-
12 mutuel wagering is conducted, but the minimum charge shall
13 not be less than 50¢ for general admission, exclusive of
14 taxes. The commissions shall have power to fix the charge for
15 admission of soldiers, sailors and marines, in uniform, at
16 one-half of the amount fixed for general admission, whether
17 or not the one-half of the amount fixed is less than the
18 minimum prescribed therein.

19 (2) Each commission shall at all times have in effect
20 rules and regulations as required under Chapter 3 regarding
21 medication rules and enforcement provisions.

22 (3) The rules of the commissions shall also provide that
23 all winning pari-mutuel tickets must be presented for payment
24 before April 1 of the year following the year of their
25 purchase and failure to present the ticket within the
26 prescribed period of time shall constitute a waiver of the
27 right to participate in the award. After April 1 of the year
28 following, all licensed corporations will forward to the
29 State Treasurer through the Department of Revenue for credit
30 to the State Racing Fund all funds so held for the uncashed

1 tickets. Where it is shown to the satisfaction of the
2 appropriate commission and the Department of Revenue, through
3 substantiated and recorded data, that the reason for the
4 pari-mutuel ticket or tickets being outstanding and unclaimed
5 is loss, misplacement or theft within the confines and
6 control of the pari-mutuel department of any licensed
7 corporation and it is shown to the satisfaction of the
8 appropriate commission and the Department of Revenue that the
9 pari-mutuel ticket or tickets in question have been cashed by
10 the pari-mutuel department, the Department of Revenue, with
11 the approval of the appropriate commission, may adjust and
12 credit the licensed corporation's outstanding ticket account
13 accordingly on March 31 of the year following the year of
14 purchase or after a complete audit of the outstanding tickets
15 accounts have been performed. The licensed corporation shall
16 reimburse any employee who has been held personally
17 accountable and paid for the lost, misplaced or stolen
18 tickets.

19 (4) The commissions may adopt a general promotion
20 program to assist the licensed corporations in increasing
21 their attendance and average daily handle. Any expenditures
22 for a promotional program shall be authorized and approved in
23 the same manner as other operational costs of the
24 commissions.

25 (5) In the event that a state bordering Pennsylvania
26 enacts a wagering tax scheme that may place Pennsylvania
27 horse race meetings at a competitive disadvantage in the
28 purses that can be offered for horse races, a licensed
29 corporation may petition the appropriate commission for an
30 emergency financial grant to augment its purse structure. If

1 the appropriate commission finds that the effect of the
2 enacted wagering tax scheme of a bordering state is to place
3 Pennsylvania horse race meetings at a competitive
4 disadvantage in purse structure, the appropriate commission
5 shall make an emergency financial grant to the petitioning
6 licensed corporation for augmentation to its purse structure
7 out of moneys that the commission has budgeted for this
8 purpose; provided, however, that the Secretary of Agriculture
9 and the Secretary of the Office of Budget and Administration
10 have also agreed to the grant.

11 (c) The State Harness Racing Commission shall have
12 jurisdiction over and shall promulgate regulations as necessary
13 for the proper administration of all racing conducted by a
14 county agricultural society or an independent agricultural
15 society, as provided for under section 5(1)(iii) and (iv) of the
16 act of July 8, 1986 (P.L.437, No.92), known as the "Pennsylvania
17 Agricultural Fair Act."
18 Section 203.

19 (c) No corporation shall have the right to conduct any horse
20 race meet except on obtaining a license from the appropriate
21 commission and at the location or locations designated in its
22 license or any amendment thereto or as approved at any time by
23 the commission as the place or places at which it was proposed
24 to conduct its business. This restriction shall not apply to any
25 corporation whose racing plant or usefulness, in the discretion
26 of the appropriate commissions, shall, for any reason beyond the
27 control of the corporation, be totally destroyed or so
28 substantially interfered with as to render same unfit for
29 continued operation. Pending the rebuilding or restoration of
30 its usefulness, or the making of the required repairs to the

1 plant or the part destroyed or damaged, the commissions may
2 license such corporation to conduct its horse race meetings at
3 any other suitable location.

4 Section 204. Filing of information concerning stock transfers;
5 necessity for commissions' approval.

6 (a) Whenever a transfer of stock comprising an interest of
7 5% or more in any licensed corporation, or comprising an
8 interest of 5% or more in any corporation which leases to a
9 licensed corporation the track facility at which it conducts
10 pari-mutuel horse races or comprising an interest of 5% or more
11 in any corporation which owns 25% or more of the stock of the
12 licensed corporation shall be made, there shall be filed,
13 simultaneously, with the corporation which issued such stock the
14 following:

15 (1) In duplicate, an affidavit executed by the
16 transferee of the interest stating that he is to be the sole
17 beneficial owner thereof, and whether or not he:

18 (i) has been convicted of a crime involving moral
19 turpitude;

20 (ii) has been engaged in bookmaking or other forms
21 of illegal gambling;

22 (iii) has been found guilty of any fraud or
23 misrepresentation in connection with racing or breeding;

24 (iv) has been guilty of any violation or attempt to
25 violate any law, rule or regulation of any racing
26 jurisdiction, for which suspension from racing might be
27 imposed in such jurisdiction; or

28 (v) has violated any rule, regulation or order of
29 the commissions.

30 If the transferee of the interest is not, or is not to be,

1 the sole beneficial owner, there shall be annexed to the
2 affidavit of the transferee, and expressly stated in such
3 affidavit, a true and complete copy of all terms of the
4 agreement pursuant to which the interest in the corporation
5 is to be held by the transferee, including a detailed
6 statement of the interest of each person who is to have any
7 interest therein.

8 (2) In duplicate, an affidavit executed by each person
9 for whom the interest is to be held by the transferee,
10 setting forth whether or not the affiant:

11 (i) has been convicted of a crime involving moral
12 turpitude;

13 (ii) has engaged in bookmaking or other forms of
14 illegal gambling;

15 (iii) has been found guilty of any fraud or
16 misrepresentation in connection with racing or breeding;

17 (iv) has been guilty of any violation or attempt to
18 violate any law, rule or regulation of any racing
19 jurisdiction, for which suspension from racing might be
20 imposed in such jurisdiction; or

21 (v) has violated any rule, regulation or order of
22 the commissions.

23 To each of the affidavits shall be annexed, and expressly
24 stated in such affidavit, a true and complete copy of all the
25 terms of the agreement pursuant to which the interest is to
26 be held by the transferee, including a detailed statement of
27 the interest of each person who is to have any interest
28 therein. The corporation shall file with the appropriate
29 commission one of each duplicate affidavits.

30 (b) If, after the filing of any affidavit required to be

1 filed, there shall be any change in the status of any affiant
2 with respect to any of the matters set forth in subsection (a)
3 (1) of the affidavit filed, the affiant shall file with the
4 corporation with which his affidavit was so filed a new
5 affidavit, executed by him in duplicate, setting forth the
6 change of status and the corporation shall file one of these
7 affidavits with the appropriate commission.

8 (c) Whenever any change shall be made in the amount, nature
9 or of the interest of any person having an interest of 5% or
10 more in any corporation, or any new interest of 5% or more shall
11 be created therein, without a transfer as provided, the record
12 owner of the stock, and each person whose interest has been
13 attempted to be changed or created, shall file with the
14 corporation which issued the stock, in duplicate, affidavits as
15 provided by subsection (a)(1) and (2), except that these
16 affidavits need not include the matter referred to in subsection
17 (a) unless then required pursuant to subsection (b) and one copy
18 thereof shall be filed by the corporation with the appropriate
19 commission.

20 (d) If the appropriate commission determines that it is
21 inconsistent with the public interest, convenience, or
22 necessity, or with the best interest of racing generally, that
23 any person continue to be a stockholder of record, or the
24 beneficial owner of any interest in stock standing in the name
25 of another in any licensed corporation or of any corporation
26 which leases to such licensed corporation the track at which it
27 conducts pari-mutuel horse racing or which owned 25% or more of
28 the stock of the licensee, the appropriate commission shall have
29 full power and authority to order each stockholder or beneficial
30 owner to dispose of his stock or interest within a period of

1 time to be specified by the appropriate commission, which period
2 the appropriate commission shall have full power to extend.

3 (e) If the commissions shall make any order or direction as
4 provided in subsection (d), the person aggrieved shall be given
5 notice of the time and place of a hearing before the appropriate
6 commission, at which time the appropriate commission will hear
7 the person in reference thereto.

8 Section 205. Number of horse racing corporations.

9 (a) No more than six corporations shall be licensed by the
10 State Horse Racing Commission to conduct a pari-mutuel meet or
11 meets. No corporation licensed under this act to conduct harness
12 racing with pari-mutuel wagering or under the act of December
13 22, 1959 (P.L.1978, No.728), referred to as the Pennsylvania
14 Harness Racing Law, shall be licensed to conduct thoroughbred
15 horse racing with pari-mutuel wagering.

16 (b) No more than five corporations shall be licensed by the
17 State Harness Racing Commission to conduct a pari-mutuel meet or
18 meets. No corporation licensed under this act to conduct
19 thoroughbred horse racing with pari-mutuel wagering or under the
20 act of December 11, 1967 (P.L.707, No.331), referred to as the
21 Pennsylvania Thoroughbred Horse Racing Law, shall be licensed to
22 conduct harness horse racing with pari-mutuel wagering.

23 Section 206. Responsibilities of the Department of Revenue.

24 The Department of Revenue is charged with the financial
25 administration of pari-mutuel wagering under this act, as
26 supplemented by the rules and regulations of the commissions.
27 The Department of Revenue shall have authority to prescribe the
28 forms and the system of accounting to be employed, and through
29 its representatives shall, at all times, have power of access
30 to, and examination of, any equipment relating to such wagering.

1 Section 207. Allocation of racing days.

2 (a) Up to 125 but no less than 25 racing days shall be
3 allocated to each licensed corporation conducting thoroughbred
4 horse race meetings in any calendar year; except, that upon
5 request, the State Horse Racing Commission may grant up to an
6 additional 25 racing days over the 125 days to a licensed
7 corporation in each calendar year, if racing meet schedules can
8 accommodate these extra days. Whenever two or more corporations
9 licensed to conduct racing at the same facility apply to the
10 State Horse Racing Commission for an allocation of racing days
11 at the same facility, the commission shall allocate the racing
12 days in the following manner:

13 (1) If there is an agreement between the licensed
14 corporations as to the allocation of racing days then as
15 provided for therein.

16 (2) If there is no agreement between the licensed
17 corporations as to the allocation of racing days, then
18 equally between them.

19 (b) No more than 125 racing days shall be allocated to each
20 licensed corporation conducting harness horse race meetings in
21 any calendar year. Every corporation shall hold its license
22 under the provisions of section 209. The State Harness Racing
23 Commission shall allocate the racing days in accordance with the
24 following guidelines:

25 (1) A licensed corporation that has an ownership
26 interest in the facility at which the racing days are to be
27 conducted shall be granted up to 125 racing days in any
28 calendar year upon request to the State Harness Racing
29 Commission. The State Harness Racing Commission shall grant
30 all racing days requested by licensed corporations described

1 in this paragraph before any other racing days are granted to
2 any other licensed corporation that desires to conduct a meet
3 at the same facility owned in part or in whole by a licensed
4 corporation that also desires to conduct a meet there.

5 (2) Whenever one or more licensed corporations that have
6 an ownership interest in the facility at which the racing
7 days are to be conducted apply to the State Harness Racing
8 Commission for an allocation of racing days, the State
9 Harness Racing Commission shall allocate an equal number of
10 racing days to each licensed corporation or to each licensed
11 corporation based upon an agreement between the licensed
12 corporations as to the allocation of racing days.

13 (3) Upon request the State Harness Racing Commission may
14 grant up to an additional 25 racing days over the 125 racing
15 days to a licensed corporation in each calendar year, and the
16 commission may grant up to 50 additional days of racing if
17 that corporation is the only corporation operating at the
18 facility, if racing meet schedules can accommodate these
19 extra racing days.

20 (4) For purposes of this section, an ownership interest
21 shall mean that a licensed corporation directly or through a
22 parent or subsidiary has at least 35% equity interest in the
23 track facility at which it conducts harness horse race
24 meetings or is the primary tenant at such facility. For
25 purposes of this subsection, a primary tenant shall be that
26 licensed corporation, if any, which is a tenant conducting
27 horse race meetings at a track facility at which no licensed
28 corporation conducting horse race meetings has directly or
29 through a parent or subsidiary at least a 35% equity interest
30 in such facility, and if there is more than one such tenant

1 at any such facility during the year prior to the year for
2 which dates are requested, then among or between such tenants
3 the primary tenant, if any, shall be designated by agreement
4 among or between those licensed corporations which propose to
5 conduct horse race meetings at the said track facility during
6 the year for which dates are requested.

7 (c) The commissions shall certify to the Secretary of the
8 Department of Revenue within 20 days after the allocation of
9 racing days to licensed corporations the following information:

- 10 (1) the names and addresses of the corporations;
- 11 (2) the names and addresses of the presidents and
12 general managers of the corporations;
- 13 (3) the names and locations of the facilities where the
14 racing days are to be conducted;
- 15 (4) the number of racing days allocated to each
16 corporation; and
- 17 (5) a numbered list of each racing day assigned to each
18 calendar day of the year for the purposes of taxation.

19 (d) If a racing day is cancelled by a licensed corporation
20 for reasons beyond its control, the appropriate commission shall
21 grant the licensed corporation the right to conduct that racing
22 day in the same or the next ensuing calendar year, if schedules
23 permit. The racing day for purposes of taxation under section
24 222 shall be at the lowest tax rate at which the licensed
25 corporation conducted a racing day during that year.

26 Section 208. State admissions taxes.

27 (a) Every corporation holding a thoroughbred horse race
28 meeting under this act shall collect, in addition to the
29 admission price of tickets sold or otherwise disposed of, for
30 each meeting held by the corporation, a tax equivalent to 15% of

1 the admission price, or 15¢ whichever is greater. In case of
2 failure to collect the tax, the tax shall be imposed upon the
3 corporation holding the race meeting. The tax shall be paid to
4 the Department of Revenue within ten days of collection. The
5 amounts collected shall be paid into the State Treasury to the
6 credit of the State Racing Fund. Before any corporation liable
7 to pay the tax shall hold any race meeting, or exercise any of
8 the powers conferred by this act, the corporation shall pay all
9 taxes due, and shall file a statement with the Department of
10 Revenue containing the name of the place and stating the time
11 when the races are to be held. Nothing in this section shall
12 apply to a race meeting conducted by any state, county or other
13 agricultural association. Retroactive to September 1, 1981 and
14 thereafter, the admission tax shall be decreased to a tax
15 equivalent to 10% of the admission price. Then on September 1,
16 1982 and thereafter, the admission tax shall be decreased to a
17 tax equivalent to 5% of the admission price.

18 (b) Every corporation holding a harness horse race meeting
19 shall collect, in addition to the admission price of tickets
20 sold or otherwise disposed of, for each such meeting held by the
21 corporation, a tax equivalent to 5% of the admission price. In
22 case of failure to collect the tax, the tax shall be imposed
23 upon the corporation holding the race meeting. The tax shall be
24 paid to the Department of Revenue within ten days after the
25 close of each race meeting. The amounts collected shall be paid
26 into the State Treasury to the credit of the State Racing Fund.
27 Before any corporation liable to pay the tax shall hold any race
28 meeting, or exercise any of the powers conferred by this act,
29 the corporation shall pay all taxes due and file a statement
30 with the Department of Revenue containing the name of the place

1 and stating the time when the races are to be held. Nothing in
2 this section shall apply to a race meeting conducted by any
3 state, county or other agricultural association.

4 (c) The Department of Revenue shall have the power to
5 examine the books and records of the corporation conducting any
6 horse race meeting and may hear testimony and take proofs and
7 material for its information, or from any other data which shall
8 be satisfactory to it. The Department of Revenue may order and
9 state an account for the tax due the State, together with the
10 expense of such examination. A penalty of 5% and interest at the
11 rate of 1% per month from the due date to the date of payment of
12 the tax shall be payable in case any tax imposed by this section
13 is not paid when due.

14 Section 209. Licenses for horse race meetings.

15 (a) Any corporation desiring to conduct horse race meetings
16 at which pari-mutuel wagering shall be permitted may apply to
17 the appropriate commission for a license. The license gives its
18 holder the privilege to conduct horse race meetings at which
19 pari-mutuel wagering is permitted. The license does not give its
20 holder a property right. If, in the judgment of the appropriate
21 commission, the public interest, convenience or necessity will
22 be served and a proper case for the issuance of the license is
23 shown, the appropriate commission may issue the license. The
24 license shall remain in effect so long as the licensed
25 corporation complies with all conditions, rules and regulations
26 and provisions of this act. A commission may revoke or suspend
27 the license of any corporation, if the commission finds by a
28 preponderance of the evidence that the corporation, its
29 officers, employees or agents, has not complied with the
30 conditions, rules, regulations and provisions of this act and

1 that it would be in the public interest, convenience or
2 necessity to revoke or suspend the license. A license is not
3 transferable.

4 (b) Every license shall be issued upon the following
5 conditions:

6 (1) A horse race meeting at which pari-mutuel wagering
7 is conducted is subject to the supervision of and to the
8 reasonable rules and regulations prescribed by the
9 appropriate commission.

10 (2) Pari-mutuel wagering conducted is also subject to
11 the supervision of and to the reasonable regulations
12 prescribed by the Department of Revenue. Any license may also
13 be issued upon any other condition that the appropriate
14 commission determines to be necessary or desirable to insure
15 that the public interest, convenience or necessity is served.

16 (3) The corporation can prove by a preponderance of the
17 evidence that it has obtained the use of a facility to
18 conduct horse race meetings. The proof may be demonstrated by
19 documentation of an ownership interest in the facility or by
20 a written lease for use of the facility. For purposes of this
21 paragraph, an ownership interest shall mean that a licensed
22 corporation directly or through a parent or subsidiary has at
23 least a 35% equity interest in the track facility at which it
24 conducts horse race meetings or is the primary tenant at such
25 facility. For purposes of this paragraph, a primary tenant
26 shall be that licensed corporation, if any, which is a tenant
27 conducting horse racing meetings at a track facility at which
28 no licensed corporation conducting horse race meetings has
29 directly or through a parent or subsidiary at least a 35%
30 equity interest in such facility, and if there is more than

1 one such tenant at any such facility during the year prior to
2 the year for which dates are requested, then among or between
3 such tenants the primary tenant, if any, shall be designated
4 by agreement among or between those licensed corporations
5 which propose to conduct horse race meetings at the said
6 track facility during the year for which dates are requested.

7 (4) The corporation posts, in favor of the appropriate
8 commission, a bond or irrevocable letter of credit in an
9 amount equal to the sum of the corporation's average weekly
10 payment, during active racing, into the State Racing Fund, as
11 determined by the appropriate commission on the basis of the
12 immediately preceding year, during the year for which dates
13 are requested.

14 (5) The licensed corporation prints in its racing
15 programs the procedure for filing a complaint with the
16 appropriate commission.

17 (c) Applications for licenses shall be in the form
18 prescribed by the appropriate commission and shall contain
19 information, material or evidence as the appropriate commission
20 may require. The term "racing week" shall include Sunday at the
21 discretion of the licensed corporation.

22 (d) In considering an application for a license to a
23 corporation, the commissions may give consideration to the
24 number of licenses already granted. No license shall be granted
25 to any track located within ten miles of a State, county or
26 other political subdivision fair conducting horse racing unless
27 the association, corporation, society, political subdivision or
28 State agency conducting the fair shall affirmatively waive
29 objection to the issuance of the license for dates within the
30 period.

1 (e) The commissions may refuse to grant, may revoke, or may
2 suspend a license to a corporation, if it shall determine that:

3 (1) Any officer, director, member or stockholder of the
4 corporation applying for a license or of any corporation
5 which owns stock in or shares in the profits, or participates
6 in the management of the affairs of the applicant, or which
7 leases to the applicant the track where it shall operate:

8 (i) has been convicted of a crime involving moral
9 turpitude;

10 (ii) has engaged in bookmaking or other forms of
11 illegal gambling;

12 (iii) has been found guilty of any fraud or
13 misrepresentation in connection with racing or breeding;

14 (iv) has been guilty of any violation or attempt to
15 violate any law, rule or regulation of any racing
16 jurisdiction, for which suspension from racing might be
17 imposed in such jurisdiction; or

18 (v) has violated any rule, regulation or order of
19 the commissions.

20 (2) The experience, character or fitness of any officer,
21 director or stockholder of any of the corporations is such
22 that the participation of the person in horse racing or
23 related activities would be inconsistent with the public
24 interest, convenience or necessity or with the best interests
25 of racing. If the commission determines that the interest of
26 any stockholder referred to in this paragraph or in paragraph
27 (1) is insufficient to affect adversely the conduct of pari-
28 mutuel horse racing by the corporation in accordance with the
29 provisions of this act, the commissions may disregard the
30 interest in determining whether or not to grant a license to

1 the corporation.

2 (3) The applicant is not the owner or the lessee of the
3 track at which it will conduct pari-mutuel horse racing under
4 the license applied for, or that any person, firm,
5 association or corporation other than the applicant shares,
6 or will share, in the profits of the applicant, other than by
7 dividends as a stockholder, or participates, or will
8 participate in the management of the affairs of the
9 applicant.

10 (4) The corporation does not have the use of a facility
11 to conduct horse race meetings. Such use must be proved by a
12 preponderance of the evidence. The proof may be demonstrated
13 by documentation of an ownership interest in the facility or
14 by a written lease for use of the facility.

15 (5) A licensed corporation does not have proof of a
16 written lease of a facility to conduct horse race meetings.
17 Under this paragraph, the appropriate commission may suspend
18 a license for a period of two years. After the expiration of
19 the suspension, the appropriate commission may then revoke
20 the license, if the licensed corporation has failed to
21 contract for a facility at which to conduct horse race
22 meetings.

23 (6) A licensed corporation has commingled horsemen's
24 funds in violation of section 235(c) or has refused to place
25 on deposit a letter of credit under section 236.

26 (f) The commissions shall also have power to refuse to
27 grant, revoke or suspend a license:

28 (1) To any corporation, the charter or certificate of
29 incorporation of which shall fail to contain a provision
30 requiring any stockholder, upon written demand of the

1 corporation, to sell his stock to the corporation at a price
2 to be fixed by the appropriate commission, provided the
3 demand be made pursuant to written direction of the
4 appropriate commission and from the date of the making of the
5 demand prohibiting the transfer of the certificate of stock
6 except to the corporation.

7 (2) To any corporation which, having been a licensee,
8 has failed, in the opinion of the appropriate commission, to
9 properly maintain its track and plant in good condition or
10 has failed to make adequate provision for rehabilitation and
11 capital improvements to its track and plant.

12 (g) Pending final determination of any question under this
13 section, the commissions may issue a temporary license upon such
14 terms and conditions as they see fit to effectuate the
15 provisions of this act.

16 (h) The commissions shall have power to direct that every
17 certificate of stock of a licensed corporation shall bear a
18 legend, plainly and prominently imprinted upon the face of the
19 certificate, reading: "This certificate of stock is transferable
20 only subject to the provisions of the 'Race Horse Industry
21 Reform Act'." The provisions of this subsection shall not apply
22 to stock heretofore issued by a licensed corporation under the
23 provisions of the act of December 11, 1967 (P.L.707, No.331), as
24 amended, and referred to as the Pennsylvania Thoroughbred Horse
25 Racing Law or of the act of December 22, 1959 (P.L.1978,
26 No.728), as amended, and referred to as the Pennsylvania Harness
27 Racing Law.

28 Section 210. Shareholders.

29 (a) Each licensed corporation shall, once a year, provide
30 the appropriate commission with a complete list of all its

1 shareholders, indicating the number of shares by each
2 shareholder.

3 (b) It shall be the duty of each licensed corporation within
4 ten days after any transfer of stock comprising an interest of
5 5% or more in such licensee, to notify the appropriate
6 commission of the transfer.

7 (c) Each certificate of stock issued by a licensed
8 corporation to a shareholder having a 5% or greater interest
9 shall have noted on the face thereof that the person whose name
10 is indicated as the owner of such shares of stock by the
11 certificate is the sole and absolute owner, and that he is not
12 holding such shares of stock or any portion of such shares of
13 stock represented by the certificate in trust for any person,
14 partnership, firm or corporation who or which is prohibited from
15 owning such shares of stock. If any of such shares of stock
16 represented by a certificate of stock are held subject to the
17 terms of either an inter vivos or testamentary trust for the
18 benefit of any person who could lawfully own such stock in his
19 own name, the fact shall be noted on the face of the certificate
20 and a copy of the instrument which created the trust shall be
21 attached. A duplicate copy of the instrument which created the
22 trust shall be filed with the appropriate commission.

23 (d) No property rights shall exist in any shares of stock of
24 any licensed corporation which are held in trust contrary to the
25 provisions of this section and the same shall be forfeited to
26 the Commonwealth after reasonable notice and upon hearing and
27 proof thereof in any suit instituted by the Attorney General of
28 Pennsylvania. Upon it being established that the stock is
29 subject to forfeiture by legal adjudication, the appropriate
30 commission shall sell the forfeited stock at public sale, upon

1 proper notice, to the highest bidder. The proceeds from the sale
2 shall be deposited in the General Fund of the Commonwealth of
3 Pennsylvania.

4 (e) As used in this section, the term "licensed corporation"
5 shall include any licensed corporation as defined in section 102
6 and also any firm, association or corporation which owns or
7 leases to any licensed association or corporation a race track
8 at which pari-mutuel racing is conducted, or any firm,
9 association or corporation which participates in the management
10 of any such licensed corporation.

11 Section 211. Prohibition of interest by public officers, public
12 employees and party officers in pari-mutuel racing
13 activities.

14 (a) No public officer, public employee or party officer
15 shall:

16 (1) hold any license to conduct a pari-mutuel meet from
17 the commissions;

18 (2) own or hold, directly or indirectly, any proprietary
19 interest, stock or obligation of any firm, association or
20 corporation:

21 (i) which is licensed by the commissions to conduct
22 pari-mutuel racing;

23 (ii) which is licensed to conduct its occupation,
24 trade or business at race tracks at which pari-mutuel
25 race meets are conducted;

26 (iii) which owns or leases to any licensed
27 association or corporation a race track at which pari-
28 mutuel racing is conducted; or

29 (iv) which participates in the management of any
30 licensed corporation conducting pari-mutuel racing; and

1 (3) hold any office or employment with any firm,
2 association or corporation specified in paragraph (2); or

3 (4) sell or be a member of a firm or own 10% or more of
4 the stock of any corporation which sells any goods or
5 services to any firm, association or corporation specified in
6 paragraph (2).

7 The provisions of paragraph (3) shall not apply to a public
8 employee other than a police officer or paid employee of a
9 police department, sheriff's office, district attorney's office
10 or other law enforcement agency so long as such employment of
11 employees of a political subdivision may be prohibited by
12 ordinance, resolution or local law.

13 (b) A knowing and willful violation of this section shall be
14 cause for removal from public office, public employment or party
15 office. In any such case, the public officer, public employee or
16 party officer, violating this section, shall be removed from
17 office by appropriate authority having the power of removal.

18 (c) The following words and phrases when used in this act
19 shall have, unless the context clearly indicates otherwise, the
20 meanings given to them in this section:

21 "Party officer." The following members or officers of any
22 political party:

23 (1) a member of a national committee;

24 (2) a chairman, vice-chairman, secretary, treasurer or
25 counsel of a State committee or member of the executive
26 committee of a State committee;

27 (3) a county chairman, vice-chairman, counsel, secretary
28 or treasurer of a county committee; or

29 (4) a city chairman, vice-chairman, counsel, secretary
30 or treasurer of a city committee.

1 "Public employee." Every person employed by the Commonwealth
2 or any political subdivision thereof.

3 "Public officer." Every person elected to any public office
4 of the Commonwealth or any political subdivision thereof.

5 (d) The commissions shall have the power to refuse to grant
6 or to revoke or suspend a license of any firm, association or
7 corporation which aids or knowingly permits or conspires to
8 permit any public officer, public employee or party officer to
9 acquire or retain any interest prohibited by this section.

10 (e) The provisions of this section shall allow any person
11 other than members, employees or appointees of the commissions
12 to own and to be licensed to race a horse at any licensed race
13 track.

14 Section 212. Officials at horse race meetings.

15 (a) At all thoroughbred horse race meetings licensed by the
16 State Horse Racing Commission, qualified judges and starters
17 shall be approved by the commission. These officials shall
18 enforce the rules and regulations of the State Horse Racing
19 Commission and shall render written reports of the activities
20 and conduct of such race meetings to the State Horse Racing
21 Commission. The compensation of these judges and starters shall
22 be paid by the corporation conducting the race meeting.

23 (b) At all harness race meetings licensed by the State
24 Harness Racing Commission, qualified judges and starters shall
25 be approved by the commission. No person shall be approved as a
26 judge or starter unless he is licensed by the United States
27 Trotting Association as a duly qualified pari-mutuel race
28 meeting official. The officials shall enforce the rules and
29 regulations of the State Harness Racing Commission and shall
30 render regular written reports of the activities and conduct of

1 the race meetings to the State Harness Racing Commission. The
2 compensation of the presiding judge and two associate judges at
3 each race track shall be fixed and paid by the State Harness
4 Racing Commission. The commission shall adopt a selection
5 process to approve the appointment of these officials. The
6 licensed corporations shall participate in this selection
7 process for approval of these officials.

8 Section 213. Licenses for commissioners, employees and
9 participants at horse race meetings.

10 (a) Each commission shall license trainers, jockeys,
11 drivers, persons participating in thoroughbred and harness horse
12 race meetings, horse owners and all other persons and vendors
13 exercising their occupation or employed at thoroughbred and
14 harness horse race meetings. The license gives its holder a
15 privilege to engage in the specified activity, but the license
16 does not give its holder a property right. Licenses are not
17 transferable. Each commission shall fix the license fees to be
18 paid by persons or corporations so licensed; provided, however,
19 that such occupational license fees shall not exceed \$100. All
20 fees shall be paid to the commissions and by them paid into the
21 State Treasury through the Department of Revenue and credited to
22 the State Racing Fund. The application shall be in the form and
23 contain the information as each commission may require.
24 Applicants must have their fingerprints taken or have
25 fingerprint records on file with the respective commission, the
26 Federal Bureau of Investigation, the State Police or any other
27 organization recognized by the respective commission as part of
28 the background investigation. Each commission may exempt
29 applicants from the fingerprint requirement for positions not
30 related to the care or training of horses, racing, wagering,

1 security or the management operations of the racing corporation
2 or racetrack. All licenses shall be issued for three-year terms
3 and shall be automatically renewed, upon payment of the required
4 fee, unless subsection (f) applies. Each commission may
5 establish a temporary license and fee valid for four months
6 within a twelve-month period. No applicant, however, may receive
7 more than one temporary license within 12 months of the issuance
8 of his or her preceding temporary license. The commissions may
9 also stagger the termination dates and renewal dates of the
10 licenses, in order to process and issue the licenses in an
11 orderly manner that provides for approximately one-third of the
12 licenses to be renewed each year. The commissions shall fix the
13 manner by which licenses are processed and issued by rule or
14 regulation.

15 (b) All commissioners and all employees, agents and
16 representatives of the commissions shall be licensed under this
17 act. There shall be no fee for this license. The commissions
18 shall fix by rule or regulation the manner in which these
19 licenses under this subsection shall be processed and issued.

20 (c) If the commissions find that the experience, character
21 and general fitness of the applicant are such that the
22 participation of the person in horse race meets is consistent
23 with the public interest, convenience and necessity, and with
24 the best interests of racing generally in conformity with the
25 purposes of this act, it may grant a license.

26 (d) The commissions may refuse to issue a license under this
27 section, if they shall find that the applicant:

28 (1) Has been convicted of a crime involving moral
29 turpitude.

30 (2) Has engaged in bookmaking or other form of illegal

1 gambling.

2 (3) Has been found guilty of any fraud or
3 misrepresentation in connection with racing or breeding.

4 (4) Has been found guilty of any violation or attempt to
5 violate any law, rule or regulation of racing in any
6 jurisdiction, for which suspension from racing might be
7 imposed in that jurisdiction.

8 (5) Has violated any rule, regulation or order of the
9 commissions.

10 (d.1) The commissions shall refuse to issue a license under
11 this section if they shall find that the applicant has been
12 convicted of an offense relating to fixing races. This
13 subsection shall not apply if the conviction is overturned on
14 appeal under the laws of the jurisdiction of the original
15 finding.

16 (e) Each commission shall have the right to inspect all
17 contracts between licensed corporations and vendors for goods
18 and services. Each commission shall require by rule or
19 regulation that vendors disclose to the appropriate commission
20 all principal officers and a description of their interests in
21 the vendors' business. Failure to properly disclose this
22 information shall constitute grounds to deny, to revoke or to
23 suspend any vendor's license issued under the provisions of this
24 act.

25 (f) The commissions may suspend, refuse to renew or revoke a
26 license issued under this section, if it shall determine that:

27 (1) The applicant or licensee:

28 (i) has been convicted of a crime involving moral
29 turpitude;

30 (ii) has engaged in bookmaking or other form of

1 illegal gambling;

2 (iii) has been found guilty of any fraud in
3 connection with racing or breeding;

4 (iv) has been guilty of any violation or attempt to
5 violate any law, rule or regulation of any racing
6 jurisdiction for which suspension from racing might be
7 imposed in that jurisdiction;

8 (v) has violated any rule, regulation or order of
9 the commissions; or

10 (vi) has been convicted of a felony offense related
11 to the use, possession or sale of drugs or alcohol.

12 (2) That the experience, character or general fitness of
13 any applicant or licensee is such that the participation of
14 the person in horse racing or related activities would be
15 inconsistent with the public interest, convenience or
16 necessity or with the best interests of racing.

17 (f.1) The commissions shall suspend, refuse to renew or
18 revoke a license issued under this section if it shall determine
19 that the applicant or licensee has been convicted of an offense
20 related to fixing races unless the conviction has been
21 overturned on appeal under the laws of the jurisdiction of the
22 original finding.

23 (g) Pending final determination of any question under this
24 section, the commissions may issue a temporary license upon such
25 terms and conditions as they may deem necessary or proper to
26 effectuate the provisions of this act.

27 (h) The commissions may suspend a license under subsection
28 (f) pending a hearing on the matter. The hearing must take place
29 within ten days of the suspension.

30 (i) The commissions shall not grant licenses to citizens of

1 states that do not grant licenses to citizens of this
2 Commonwealth on the basis of in-state preference.
3 Section 214. Power of commissions to impose fines and
4 penalties.

5 (a) In addition to their power to suspend or revoke licenses
6 granted by them, the commissions are authorized and empowered to
7 impose fines upon any corporation, association or person
8 participating in any way in any horse race meet at which pari-
9 mutuel wagering is conducted, other than as a patron and whether
10 licensed by the commissions or not, for a violation of any
11 provision of this act or the rules and regulations promulgated
12 by the commissions, not exceeding \$5,000 for each violation,
13 which fines shall be paid into the State Treasury through the
14 Department of Revenue and credited to the General Fund.
15 Following exhaustion of any administrative remedies promulgated
16 by the commissions for such purpose, the action of the
17 commissions in imposing any monetary fine shall be subject to
18 appeal to the Commonwealth Court and as approved by that court
19 system, or if no court appeal is taken, then as imposed, may be
20 collected in an action of assumpsit.

21 (b) No officer or employee of a licensed corporation or
22 their spouses, parents, fathers-in-law, mothers-in-law, sons,
23 daughters, sons-in-law or daughters-in-law shall have any direct
24 or indirect interest in a race horse that is participating in a
25 race at a meet at which such person or heretofore-mentioned
26 relative holds any interest in the licensed corporation
27 conducting the meet and/or the track facility. An officer or
28 employee of a licensed corporation or their spouses, parents,
29 fathers-in-law, mothers-in-law, sons, daughters, sons-in-law or
30 daughters-in-law may have an interest in a race horse and enter

1 it at meets that are conducted by licensed corporations or at
2 race tracks in which such a person or heretofore-mentioned
3 relative holds no direct or indirect interest. Each commission
4 shall impose a fine or penalty upon any person for violation of
5 this subsection as provided for under subsection (a). For
6 purposes of this subsection an interest shall not include:

7 (1) any breeder's fund award as a result of a horse
8 being a registered Pennsylvania-bred thoroughbred horse under
9 the provisions of section 223; and

10 (2) any interest in a licensed corporation or track
11 facility that was held by a person, partnership, association
12 or corporation on or before January 1, 1988.

13 Section 215. Security personnel; powers and duties; penalty.

14 (a) The commissions and any licensed corporations are
15 authorized and empowered to employ persons as security
16 personnel. These persons shall possess the powers and duties of
17 a peace officer with respect to the enforcement of the criminal
18 laws of the Commonwealth within the race meeting grounds or
19 enclosure. The designated persons are also authorized to
20 interrogate and eject from the race meeting grounds or enclosure
21 any persons suspected of violating any rule or regulation
22 promulgated by the commissions. The commissions may refuse
23 admission to and eject from enclosure of the race track operated
24 by any licensed corporation, any person whose presence there is,
25 in the judgment of the commission, inconsistent with the orderly
26 or proper conduct of a race meeting or whose presence or conduct
27 is deemed detrimental to the best interest of horse racing. The
28 action of the commissions in refusing any person admission, or
29 ejecting him from, a race meeting ground or enclosure shall not
30 be because of the race, creed, color, sex, national origin or

1 religion of that person and shall be reviewable by the
2 Commonwealth Court.

3 (b) Except as provided for in subsections (c) and (d), any
4 licensed corporation may refuse admission to and eject from the
5 enclosure of the race track operated by any association any
6 person except that no person shall be refused admission or be
7 ejected because of the race, color, creed, sex, national origin
8 or religion of that person.

9 (c) A licensed corporation may refuse admission to and eject
10 from the enclosure of the race track operated by the
11 corporation, any person licensed by the commissions under
12 section 213, employed at his occupation at the race track, whose
13 presence there is deemed detrimental to the best interests of
14 horse racing, citing the reasons for that determination. The
15 action of the corporation in refusing the person admission to or
16 ejecting him from a race meeting ground or enclosure shall have
17 immediate effect. The person refused admission or ejected shall
18 receive a hearing before the appropriate commission, if
19 requested, pursuant to rules and regulations adopted for that
20 purpose by the appropriate commission and a decision rendered
21 following that hearing.

22 (d) A licensed corporation may not refuse admission to or
23 eject a law enforcement official while that official is actually
24 engaged in the performance of official duties.

25 (e) A person found within a race track enclosure after
26 having been refused admission thereto or ejected therefrom
27 shall, upon conviction thereof in a summary proceeding, be
28 sentenced to pay a fine not exceeding \$300 or undergo
29 imprisonment for a term not exceeding 90 days, or both.
30 Section 216. Interstate simulcastings of horse races.

1 Each commission may, upon request by any licensed
2 corporation, grant permission for electronically televised
3 simulcasts of horse races to be operated by the licensed
4 corporation at the race track enclosure where a horse race
5 meeting is being conducted during, between, before or after
6 posted races for that racing day. The posted races for that
7 racing day shall include a minimum of eight live races, except,
8 at thoroughbred tracks on the one day designated as Breeders'
9 Cup Event Day, there shall be a minimum of five live races. The
10 simulcasts shall be limited to horse races conducted at
11 facilities outside this Commonwealth and televised to race track
12 enclosures within this Commonwealth. The simulcasts shall also
13 be limited to thoroughbred races designated as Grade I stakes,
14 or the international equivalent thereto, with purses of at least
15 \$100,000; standard bred races with purses of at least \$100,000;
16 and other stakes races which have, in the opinion of the
17 appropriate commission, significant value to the Pennsylvania
18 racing industry. Cross simulcasting of the aforementioned races
19 shall be permitted as long as the particular race is available
20 to all race tracks in the Commonwealth which are operating live
21 racing that day. All simulcasts of horse races from outside this
22 Commonwealth shall also comply with the provisions of the
23 Interstate Horse Racing Act of 1978, 92 Stat. 1811, 15 USC 3001
24 et seq. All forms of pari-mutuel wagering as described under
25 section 221 shall be allowed on horse races to be televised by
26 simulcasting. Each commission may promulgate rules or
27 regulations to regulate the wagering and the operation of these
28 horse races. All moneys wagered by patrons on these horse races
29 shall be computed in the amount of money wagered each racing day
30 for purposes of taxation under section 222.

1 Section 216.1. Televised international and interstate
2 simulcastings of horse races.

3 (a) Each commission may, upon request by a licensed
4 corporation, grant permission to maintain common pari-mutuel
5 pools on international and interstate races transmitted to and
6 from the racetrack enclosures within this Commonwealth, such
7 licensed corporation to be designated as the "host licensee."
8 The permission to act as host licensee for international and
9 interstate simulcast races shall be limited to licensed
10 corporations:

11 (1) which have a live racing agreement with a horseman's
12 organization representing a majority of owners and trainers
13 at the facility where the licensed corporation conducts
14 racing dates;

15 (2) which have scheduled 95% of the total number of
16 horse or harness racing days scheduled in 1986 by it or its
17 predecessor at the facility where the licensed corporation
18 conducts racing dates; and

19 (3) which, subject to actions or activities beyond the
20 control of the licensee, conduct not less than eight live
21 races per race date during each meet at the facility where
22 the licensed corporation conducts racing dates, except for
23 thoroughbred tracks on the day designated as Breeder's Cup
24 Event Day, when the facility shall hold a minimum of five
25 live races.

26 A horseman's organization representing a majority of owners and
27 trainers at a racetrack may consent to waiving or modifying the
28 provisions pertaining to the required number of racing days and
29 races per day scheduled by a licensed corporation at that
30 racetrack.

1 (b) Cross simulcasting of the races described in subsection
2 (a) shall be permitted if all amounts wagered on the races in
3 this Commonwealth are included in common pari-mutuel pools. A
4 host licensee seeking permission to cross simulcast must obtain
5 approval from both the State Harness Racing Commission and the
6 State Horse Racing Commission. All simulcasts of horse races
7 shall also comply with the provisions of the Interstate Horse
8 Racing Act of 1978 (92 Stat. 1811, 15 U.S.C. § 3001 et seq.).
9 All forms of pari-mutuel wagering as described under section 221
10 shall be allowed on horse races to be televised by simulcasting.
11 Each commission may permit pari-mutuel pools in this
12 Commonwealth to be combined with pari-mutuel pools created under
13 the laws of another jurisdiction and may permit pari-mutuel
14 pools created under the laws of another jurisdiction to be
15 combined with pari-mutuel pools in this Commonwealth. Each
16 commission may promulgate rules or regulations to regulate
17 wagering on televised simulcasts.

18 (c) All moneys wagered by patrons in this Commonwealth on
19 these horse races shall be computed in the amount of money
20 wagered each racing day for purposes of taxation under section
21 222 and all thoroughbred races shall be considered a part of a
22 thoroughbred horse race meeting and all harness races shall be
23 considered a part of a harness horse race meeting for purposes
24 of section 222(b)(5).

25 Section 217. Refunds.

26 (a) Money received by the commissions may, within one year
27 from receipts thereof, be refunded, to the party for whose
28 account the same were received, on proof satisfactory to the
29 commissions that:

30 (1) the moneys were in excess of the amount required by

1 law;

2 (2) the license for which application was made has been
3 refused by the commission;

4 (3) the moneys were received as a fine and the
5 commission has, after review, reduced the amount of the fine;
6 or

7 (4) upon appeal, the court reduced or remitted the fine
8 imposed and paid.

9 (b) Refunds shall, upon approval by the commission and after
10 approval by the Board of Finance and Revenue, be paid from any
11 moneys in the State Racing Fund.

12 Section 218. Place and manner of conducting pari-mutuel
13 wagering.

14 (a) Every licensed corporation shall provide during a horse
15 race meeting a place or places within the race track enclosure
16 at which the licensed corporation shall conduct the pari-mutuel
17 system of wagering by its patrons on the results of horse races
18 held at such meetings or televised to the race track enclosure
19 by simulcasting. The licensed corporation shall erect a sign or
20 board upon which shall be displayed the approximate straight
21 odds on each horse in any race; the value of a winning mutuel
22 ticket, straight, place or show on the first three horses in the
23 race; the elapsed time of the race; the value of a winning daily
24 double ticket, if a daily double be conducted, and any other
25 information that the commissions may deem necessary for the
26 guidance of the general public. The commissions may prescribe,
27 by rule, the type and kind of equipment to be used for the
28 display of the foregoing information.

29 (b) Each commission may upon request by any licensed
30 corporation grant permission to the licensed corporation to

1 conduct a telephone account wagering system: Provided, however,
2 That all telephone messages to place wagers must be to a place
3 within the race track enclosure: And further provided, That all
4 moneys used to place telephone wagers be on deposit in an amount
5 sufficient to cover the wager at the race track where the
6 account is opened. Each commission may promulgate rules or
7 regulations to regulate telephone account wagering. All moneys
8 wagered as a result of telephone account wagering shall be
9 included in the amount wagered each racing day for purposes of
10 taxation under section 222 and shall be included in the same
11 pari-mutuel pools for each posted race. All telephone account
12 wagering systems shall be solely operated by the licensed
13 corporations.

14 (c) A licensed corporation shall only accept and tabulate a
15 wager by a direct telephone call from the holder of a telephone
16 wagering account. No person shall directly or indirectly act as
17 an intermediary, transmitter or agent in the placing of wagers
18 for a holder of a telephone wagering account. No person shall in
19 any manner place any wager by telephone to a facility in the
20 race track enclosure on behalf of a holder of a telephone
21 wagering account. Only the holder of a telephone wagering
22 account shall place a telephone wager. Any person violating this
23 subsection shall be guilty of a misdemeanor of the first degree.

24 (d) A licensed corporation shall not accept a telephone
25 wager from, nor establish a telephone betting account for, any
26 person located in or residing in an area defined herein as the
27 primary market area of a race track, other than the race track
28 at which the licensed corporation is conducting a racing meet.
29 Nothing herein shall prohibit the licensed corporation from
30 accepting a telephone wager from, or establishing a telephone

1 betting account for, any person located in or residing in the
2 primary market area of the track at which the licensed
3 corporation is conducting a meet and, if two tracks share
4 primary market area as defined herein, both tracks shall have
5 equal rights to the market in the shared area.

6 (e) The primary market area of a race track, for purposes of
7 this act, is defined as that land area included in a circle
8 drawn with the race track as the center and a radius of 35 air
9 miles.

10 (f) The secondary market area of a racetrack, for purposes
11 of this act, is defined as that land area included in a circle
12 drawn with the racetrack as the center and a radius of 50 air
13 miles, but not including the primary market area of the
14 racetrack.

15 (g) Notwithstanding any other provisions of this act to the
16 contrary, upon approval by the appropriate commission, a
17 licensed corporation may establish one or more nonprimary
18 locations at which it shall conduct pari-mutuel wagering on all
19 horse races conducted by such licensed corporation and may
20 conduct pari-mutuel wagering on horse races conducted by another
21 licensed corporation, which horse races may be televised to the
22 locations, or on horse races simulcast to the locations pursuant
23 to section 216, provided that:

24 (1) No licensed corporation may establish nonprimary
25 locations within the primary market area, as set forth in
26 subsection (e), of any racetrack other than a racetrack at
27 which the licensed corporation conducts race meetings.
28 Establishment of a nonprimary location by a licensed
29 corporation within the primary market area of a racetrack at
30 which the licensed corporation conducts race meetings shall

1 require approval of the commission regulating the activities
2 of such licensed corporation.

3 (2) Any licensed corporation may establish a nonprimary
4 location within the secondary market area of a racetrack as
5 set forth in subsection (f), provided that the nonprimary
6 location is approved by both the State Harness Racing
7 Commission and the State Horse Racing Commission.

8 (3) Any licensed corporation may establish a nonprimary
9 location in areas outside the primary and secondary market
10 areas of any racetrack, provided that the location is
11 approved by the commission which regulates the activities of
12 the licensed corporation establishing the location.

13 (4) Where a site is approved by the commission as a
14 nonprimary location established by more than one licensed
15 corporation, by agreement between the licensed corporations
16 and with the approval of the appropriate commission, one
17 licensed corporation may operate the pari-mutuel equipment
18 for one or more of the licensed corporations at that
19 location, but the location may still be considered a part of
20 the racetrack enclosure of each of the licensed corporations
21 approved to conduct pari-mutuel wagering at that location.

22 (5) (i) Any licensed corporation, planning to establish
23 a nonprimary location, shall submit to the appropriate
24 commission a nonprimary location statement in a form
25 prescribed by the appropriate commission which specifies,
26 but is not limited to, the following:

27 (A) The number of permanent and part-time jobs
28 to be created at the proposed facility.

29 (B) The population of the town or municipality,
30 and surrounding area, where the proposed facility is

1 to be located.

2 (C) The proximity of the proposed facility to
3 any other nonprimary location or licensed racetrack.

4 (D) The type of seating to be provided,
5 including areas in the proposed facility where
6 patrons can handicap races.

7 (E) The total seating capacity of the proposed
8 facility.

9 (F) The size and number of toilet facilities.

10 (G) The availability of food and beverages,
11 including the number of tables, chairs, kitchen
12 facilities and concession stands.

13 (H) The number of available parking spaces.

14 (I) A description of the general demeanor of the
15 facility, including lighting, decor and plans for the
16 exterior of the facility.

17 (J) The number of betting windows and stand-
18 alone terminals to be provided.

19 (K) A description of the heating and air
20 conditioning units, the smoke removal equipment and
21 other climate control devices.

22 (L) The total square feet of the proposed
23 facility.

24 (ii) The General Assembly recognizes the economic
25 importance of the horse racing industry in this
26 Commonwealth; and further recognizes that the
27 Pennsylvania horse racing industry is in a state of
28 decline. Therefore, it is the intent of the General
29 Assembly through this amendatory act to revitalize and
30 secure the economic future of the horse racing industry

1 and to encourage statewide economic development by
2 assisting in the development of nonprimary locations. It
3 is the further intent of the General Assembly through
4 this amendatory act that in no case shall the appropriate
5 commission approve a nonprimary location statement when
6 the sole purpose of that statement is to provide wagering
7 opportunities pursuant to this act; rather, the
8 appropriate commission shall only approve a nonprimary
9 location statement that plans for a public facility
10 offering not only wagering opportunities, but other
11 amenities, such as high class restaurants and quality
12 handicapping facilities, so that all or part of the
13 nonprimary facility will resemble the clubhouse
14 facilities of a racetrack. It is the further intent of
15 the General Assembly through this amendatory act to offer
16 the potential for the creation of jobs, not only in the
17 racing and wagering industry, but more particularly in
18 other service jobs, such as parking attendants, waiters
19 and waitresses, security guards, custodial workers and
20 food service personnel.

21 (iii) In determining whether the nonprimary location
22 statement meets the legislative intent of this amendatory
23 act, the appropriate commission shall consider factors
24 which include, but are not limited to, the following:

25 (A) The purposes and provisions of this
26 amendatory act.

27 (B) The public interest.

28 (C) The integrity of live racing.

29 (D) The impact on the local community.

30 (E) The potential for job creation.

1 (F) The quality of the physical facilities and
2 all services to be provided therein.

3 (iv) In considering whether the appropriate
4 commission will grant, suspend or revoke approval of
5 nonprimary locations, the provisions of section 209(f)(2)
6 shall apply. In connection therewith, the commission
7 shall annually conduct inspections of the primary
8 facility.

9 (v) The rights, duties and obligations of the
10 appropriate commission, as set forth in this amendatory
11 act, shall apply to nonprimary locations and any
12 employees or vendors of the licensed corporation
13 establishing the nonprimary location.

14 (6) (i) In addition to the requirements of paragraph
15 (10), any licensed corporation which is authorized to
16 conduct racing at any primary racetrack location at which
17 there has not been, in the previous calendar year, a
18 minimum of 142 days of live racing shall not be eligible
19 to establish nonprimary locations outside its primary
20 market area and shall only be eligible to establish
21 nonprimary locations within its primary market area
22 according to the following schedule.

23	Year	Number of	Number of days	Number of	Number of days
24		live racing	in subsequent	live racing	in subsequent
25		days	year permitted	days	year permitted
26		conducted	to operate	conducted	to operate
27			nonprimary		nonprimary
28			locations within		locations
29			primary market		within primary
30			area		market area

1	1988	50	365		
2	1989	69	365	Under 69	307
3	1990	88	365	Under 88	259
4	1991	107	365	Under 107	191
5	1992	126	365	Under 126	133
6	1993	142	365	Under 142	75

7 (ii) Notwithstanding the chart contained in
8 subparagraph (i), if any such licensed corporation
9 schedules 69 or more racing days in calendar year 1989,
10 it may, upon approval of the appropriate commission,
11 establish nonprimary locations within its primary market
12 area for that calendar year.

13 (7) (i) The licensed corporation authorized to hold
14 race meetings at a primary racetrack location at which
15 more than one license is so authorized may be granted up
16 to two nonprimary locations by the appropriate
17 commission, up to a maximum of four per primary racetrack
18 location. The licensed corporation authorized to hold
19 race meetings at a primary racetrack location at which
20 there is only one such licensed corporation so authorized
21 may be granted up to three nonprimary locations.

22 (ii) In addition to the nonprimary locations
23 authorized by subparagraph (i), during each of the
24 calendar years 1989 and 1990, the appropriate commission
25 may approve no more than one additional nonprimary
26 location per primary racetrack location, for one licensed
27 corporation authorized to conduct racing at the primary
28 racetrack location.

29 (iii) The General Assembly may, at any time, stop
30 the further approval of any nonprimary locations. The

1 State Harness Racing Commission and the State Horse
2 Racing Commission shall not have the authority to approve
3 any greater number of nonprimary locations after December
4 31, 1990, unless further authorized by the General
5 Assembly.

6 (iv) It shall be the duty of both the State Harness
7 Racing Commission and the State Horse Racing Commission
8 to annually report to the General Assembly on the effect
9 of nonprimary locations on such factors as the local
10 economy, the public interest and the integrity of live
11 racing, and make suggestions and recommendations.

12 (8) (i) Moneys wagered at all primary and nonprimary
13 locations pursuant to this act shall be included in
14 common pari-mutuel pools. All money wagered by patrons on
15 these races shall be computed in the amount of money
16 wagered each racing day for purposes of taxation under
17 section 222. The licensed corporation conducting the race
18 meeting and maintaining the pari-mutuel pools shall
19 maintain accurate records of the amount wagered in each
20 pool from every primary and nonprimary location.

21 (ii) The retained moneys as provided for in section
22 222(e) shall be calculated for each location where pari-
23 mutuel wagering is being conducted. If wagering has taken
24 place at a nonprimary location where the wagering is
25 conducted by a licensed corporation other than the
26 licensed corporation conducting the race meeting, the
27 licensed corporation conducting the race meeting shall
28 retain any moneys to which it is entitled by agreement
29 between such licensed corporations and shall pay over the
30 balance of the retained moneys to the licensed

1 corporation conducting the wagering at the nonprimary
2 location.

3 (9) (i) A licensed corporation conducting a race
4 meeting on which pari-mutuel wagering is conducted at one
5 or more nonprimary locations shall distribute to the
6 horseman's organization representing a majority of owners
7 and trainers at its racetrack, or in accordance with the
8 practice of the parties, to be used for payment of purses
9 at that racetrack, an amount equal to not less than 6% of
10 the daily gross wagering handle on such races at a
11 nonprimary location: Provided, however, That when the
12 gross wagering handle on such races at any such
13 nonprimary location on a given day is less than \$30,000,
14 the above-referenced percentage shall be not less than
15 3%, and when the gross wagering handle on such races at
16 any such nonprimary location on a given day is between
17 \$30,000 and \$75,000 inclusive, the above-referenced
18 percentage shall be not less than 4.75%: And provided
19 further, That whenever a nonprimary location is within
20 the primary market area of a licensed corporation other
21 than the licensed corporation conducting such races, the
22 applicable percentage shall be distributed one-half to
23 the horseman's organization representing a majority of
24 owners and trainers at the racetrack, or in accordance
25 with the practice of the parties, where the race meeting
26 is being conducted to be used for the payment of purses
27 at that racetrack and one-half to such horseman's
28 organization, or in accordance with the practice of the
29 parties, at the racetrack within the primary market area
30 to be used for the payment of purses at that racetrack.

1 Nothing in this subparagraph shall prevent a licensed
2 corporation from agreeing to distribute amounts greater
3 than the percentages set forth in this subparagraph.
4 However, if no alternative agreement has been reached,
5 the total percentage paid for purses under this
6 subparagraph shall be in accordance with the minimum
7 percentages set forth in this subparagraph.

8 (ii) Notwithstanding subparagraph (i), or any other
9 provision in this act to the contrary, a nonprimary
10 location may be established within the primary market
11 area of a racetrack by agreement between the licensed
12 corporation and the horseman's organization representing
13 a majority of the owners and trainers at that racetrack
14 specifying the total percentage of handle wagered at such
15 nonprimary location to be distributed to that horseman's
16 organization, or in accordance with the practice of the
17 parties, to be used for the payment of purses at that
18 racetrack. If no such agreement is reached covering such
19 locations, the total percentage to be paid for purses
20 pursuant to this subparagraph shall be the same as that
21 applied to on-track wagering at the racetrack located
22 within the primary market area.

23 (10) The provisions of section 234 relating to the
24 required number of racing days apply to this subsection.
25 However, a horseman's organization representing a majority of
26 owners and trainers at a racetrack may consent to waiving or
27 modifying the provisions as pertaining to the required number
28 of racing days scheduled by a licensed corporation at that
29 racetrack.

30 Section 218-A. Wagering at nonprimary locations.

1 (a) Notwithstanding any other provisions of this act to the
2 contrary, licensed corporations shall not be authorized to
3 provide live telecasts of races to any locations open to the
4 public which are not primary to or contiguous with the licensed
5 corporation's racetrack and at which telephone account wagering
6 is also conducted and shall not be permitted to establish or
7 utilize master accounts or transfer accounts for telephone
8 account wagering or to accept credit or debit card telephone
9 account wagers or any other form of electronic signal
10 transmissions unless:

11 (1) after completion of the 1986 racing season, such
12 activities are conducted pursuant to regulations adopted by
13 the appropriate racing commission and approved pursuant to
14 the act of June 25, 1982 (P.L.633, No.181), known as the
15 "Regulatory Review Act"; or

16 (2) during the 1986 racing season, any such activities
17 are limited to areas, accounts and credit arrangements for
18 which applications are submitted to the appropriate
19 commission prior to June 1, 1986, and which are subsequently
20 approved by the respective commission after appropriate
21 investigation and review.

22 (b) Regulations authorizing activities subject to the
23 moratorium provided by subsection (a) shall not be published for
24 Notice Of Proposed Rulemaking until completion of the evaluation
25 as required by subsection (c). Nothing in this section shall be
26 construed to expand or enlarge any regulatory authority
27 otherwise conferred upon the respective commissions by this act.

28 (c) The commissions shall jointly conduct an evaluation of
29 the use of telephone account wagering, including the use of
30 master accounts, transfer accounts, credit or debit cards, any

1 other form of electronic signal transmission and live
2 telecasting to or from areas open to the public not primary to
3 or contiguous with a racetrack. The evaluation shall consider
4 whether such activities are in the public interest and are
5 beneficial to racing and shall recommend, if such activities are
6 deemed desirable by the commissions, appropriate rules and
7 regulations for the conduct of such activities: Provided, That a
8 licensed corporation shall not be permitted to conduct pari-
9 mutuel wagering at any location which is within the primary
10 market area of another licensed corporation, as defined in
11 section 102 and section 218(e). The evaluation shall also
12 recommend whether any enlargement or modification to the laws
13 regulating such activities is necessary or desirable. In
14 performing the evaluation, the commissions shall study in detail
15 experimental activities authorized by the commissions, including
16 an analysis of the impact of conducting such activities at each
17 experimental site approved by the commissions. The evaluation is
18 to be completed by October 31, 1986, with copies of the
19 commissions' report being forwarded, within two weeks of that
20 date, to the Governor, the President pro tempore of the Senate,
21 the Speaker of the House, the Chairman of the Senate State
22 Government Committee and the Chairman of the State Government
23 Committee of the House of Representatives. The evaluation shall
24 include, but not be limited to, an investigation and study of
25 the following matters:

26 (1) Which laws permit or prohibit the use of telephone
27 account wagering in coordination with live telecasting to
28 public locations and the utilization of transfer accounts,
29 master accounts, credit or debit cards or other forms of
30 electronic signal transmissions for pari-mutuel wagering at

1 such locations.

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

7 (3) The financial viability of live telecasting to
8 public locations, together with the use of telephone account
9 wagering, transfer accounts, electronic signal transmissions,
10 or credit or debit card wagering, including the benefits or
11 disadvantages for the commissions, the licensed racing
12 corporation, horsemen and the general public.

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

15 (5) An analysis of the commissions' ability to properly
16 regulate and control such wagering at public locations in
17 order to protect the public and the integrity of the racing
18 industry.

19 (6) The ability of the commissions to investigate the
20 background of individuals owning or having an interest in
21 premises upon which such wagering takes place.

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

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

30 (9) What types of reporting procedures and records have

1 been and should be required from the licensed racing
2 corporation and individual wagering sites so as to assure all
3 revenues are accounted for and winners names are filed with
4 the proper taxing authorities.

5 (10) What minimum requirements with regard to physical
6 structures, facilities, equipment, security and public health
7 and safety are necessary and appropriate for locations at
8 which such wagering occurs.

9 (d) As used in this section "public locations" are deemed to
10 be areas open to the public and shall include all types of
11 commercial establishments, whether open to the public at large
12 or any segment of the public.

13 Section 219. Books and records of pari-mutuel wagering.

14 Every corporation that conducts a horse race meeting at which
15 pari-mutuel wagering is authorized, shall keep books and records
16 so as to clearly show by separate record the total amount of
17 money contributed to every pari-mutuel pool. The Department of
18 Revenue or its authorized representative shall have access to
19 all books and records for the purpose of examining the same and
20 ascertaining whether the proper amount due to the State is being
21 paid by the licensed corporation.

22 Section 220. Filing of certain agreements with the commissions.

23 Every corporation licensed to conduct horse race meetings at
24 which pari-mutuel wagering is permitted shall promptly after
25 entering any lease agreement concerning any concession, labor
26 management relation, hiring of designated classes of officers,
27 employees or contractors specified by the commissions or any
28 such other contract or agreement as the commissions may
29 prescribe, file with the appropriate commission a true and
30 correct copy, or an accurate summary, if oral.

1 Section 221. Retention percentages for pari-mutuel pools.

2 (a) Every licensed corporation shall distribute the moneys
3 in any pari-mutuel pool to the holders of winning tickets under
4 the following requirements:

5 (1) all tickets shall be presented for payment before
6 the first day of April of the year following the year of
7 their purchase; and

8 (2) seventeen percent of the moneys plus the breakage
9 from regular wagering pools shall be retained by the licensed
10 corporations for further distribution under section 222; or

11 (3) nineteen percent of the moneys plus the breakage
12 from regular wagering pools from licensed corporations whose
13 total deposits in all pari-mutuel pools averaged less than
14 \$300,000 per racing day for their previous meeting at the
15 same facility; or

16 (4) twenty percent of the moneys plus the breakage from
17 the exacta, daily double, quinella and other wagering pools
18 involving two horses each racing day shall be retained by the
19 licensed corporations for further distribution under section
20 222; or

21 (5) at least 26% but no more than 35% of the moneys plus
22 the breakage from the trifecta or other wagering pools
23 involving more than two horses in one or more races each
24 racing day shall be retained by the licensed corporations for
25 further distribution under section 222; and

26 (6) except as provided for in subsection (d.1) of
27 section 222, every corporation may retain less than 17%, 19%
28 or 20% of the moneys in the wagering pools under paragraphs
29 (2), (3) and (4) or less than 26% of the moneys in the
30 wagering pools under paragraph (5) upon approval from the

1 appropriate commission; and

2 (7) every corporation may retain more than 25% but no
3 more than 35% of the moneys in the wagering pools under
4 paragraph (5) upon approval from the appropriate commission;
5 and

6 (8) all moneys remaining in the wagering pools described
7 under paragraphs (2), (3), (4), (5), (6) and (7) shall be
8 distributed to the holders of winning tickets.

9 (b) Breakage shall mean the odd cents of redistributions to
10 be made on all contributions to pari-mutuel pools exceeding a
11 sum equal to the next lowest multiple of ten.

12 (c) The commissions shall establish by rule or regulation
13 provisions for minus-pools relating to the retention
14 requirements under this section.

15 Section 222. Distribution of moneys retained from pari-mutuel
16 pools; taxation.

17 (a) There is hereby created the State Racing Fund. All
18 licensed corporations that conduct harness race meetings shall
19 pay a tax through the Department of Revenue for credit to the
20 State Racing Fund. All licensed corporations that conduct
21 thoroughbred horse race meetings shall pay a tax through the
22 Department of Revenue for credit to the State Racing Fund. The
23 tax imposed on all licensed corporations shall be a percentage
24 tax on the amount wagered each racing day and be paid from the
25 moneys retained under section 221.

26 (a.1) At the close of each day of racing, all corporations
27 licensed to conduct harness horse race meetings or thoroughbred
28 horse race meetings which annually conduct at least 100 days of
29 racing, or when two licensed corporations conduct their race
30 meetings at the same facility and between them annually conduct

1 at least 175 days of racing, will pay out of the moneys retained
2 on that day under section 221, through the Department of Revenue
3 for credit to the State Horse Racing Fund the following taxes
4 for the time periods stated:

5 (1) From January 1, 1984 through June 30, 1984 - 3.8%.

6 (2) From July 1, 1984 through June 30, 1986 - 2.0%.

7 (3) After June 30, 1986 - 1.5%, except as provided in
8 subsection (a.4).

9 (a.2) Corporations not annually conducting at least 100 days
10 of racing, or 175 days of racing in conjunction with another
11 licensee at the same facility as described above, will pay 2.5%
12 from July 1, 1984 to June 30, 1986, and 2.0% thereafter. This
13 subsection shall not apply if races are not conducted because of
14 an act of God or because of a strike resulting from a labor
15 dispute.

16 (a.3) For purposes of this section, a racing day shall be
17 considered conducted after the appropriate commission has
18 certified the allocation of racing days to the Secretary of the
19 Department of Revenue under the provisions of section 207(b)
20 even if the racing day is subsequently cancelled by the licensed
21 corporation for reasons beyond its control.

22 (a.4) Any corporation which does not hold a license under
23 section 209 on the effective date of this act and which is
24 granted a license under this act shall be subject to payment out
25 of moneys retained under section 221, through the Department of
26 Revenue for credit to the State Horse Racing Fund, of the
27 following tax for a period of four years from the issuance date
28 of the license - 1.0%, at which time said licensee shall be
29 subject to the lawful rate then in effect under subsection (a.1)
30 (3).

1 (a.5) In order to qualify for the 1.0% tax rate authorized
2 under subsection (a.4), the newly licensed corporation may not
3 include any officer, director or the immediate relative (spouse,
4 children or parents) of any officer or director of any licensed
5 racing corporation which conducted, at any time within the
6 immediately preceding five years, any horse or harness race
7 meetings at the racetrack enclosure for which the license is
8 sought. Also, the newly licensed corporation may not include any
9 shareholder (or their immediate relative) holding a 5% or
10 greater interest who also held a 5% or greater interest in any
11 corporation licensed at any time within the immediately
12 preceding five years to conduct horse or harness race meetings
13 at the racetrack enclosure for which the license is sought.

14 (b) The commissions shall distribute moneys from the State
15 Racing Fund, together with the interest earned thereon, in the
16 following manner:

17 (1) The salaries of employees of the commission employed
18 by or for it under the provisions of this act and the act of
19 April 9, 1929 (P.L.177, No.175), known as "The Administrative
20 Code of 1929," net of any income earned or received by the
21 commission.

22 (2) The payment of the compensation of employees of the
23 Department of Revenue when used in collecting taxes and
24 penalties imposed by this act.

25 (3) The expenses of the Secretary and the Department of
26 Agriculture incurred in administering their duties under this
27 act.

28 (4) To pay all other expenses incurred by the commission
29 in administering this act, net of any income earned or
30 received by the commission.

1 (5) From remaining moneys in the State Racing Fund:

2 (i) An amount equivalent to one percent of the
3 amount wagered each racing day at thoroughbred horse race
4 meetings shall be paid by the Horse Racing Commission
5 from the State Racing Fund through the Department of
6 Revenue for credit to the Pennsylvania Breeding Fund.

7 (ii) An amount equivalent to one and one-half
8 percent of the amount wagered each racing day at harness
9 horse race meetings shall be paid by the Harness Racing
10 Commission from the State Racing Fund through the
11 Department of Revenue for credit to the Pennsylvania Sire
12 Stakes Fund, beginning on July 1, 1983.

13 (6) All remaining moneys in the State Racing Fund shall
14 be paid into the General Fund.

15 (c) All breakage retained under section 221 by licensed
16 corporations that conduct thoroughbred horse race meetings shall
17 be distributed in the following manner:

18 (1) Fifty percent of the breakage shall be retained by
19 the licensed corporations.

20 (2) Twenty-five percent of the breakage shall be
21 retained by the licensed corporations to be used solely for
22 purses to the horsemen.

23 (3) Twenty-five percent of the breakage shall be paid to
24 the Department of Revenue for credit to the State Horse
25 Racing Fund.

26 (d) All breakage retained under section 221 by licensed
27 corporations that conduct harness horse race meetings shall be
28 distributed in the following manner:

29 (1) Fifty percent of the breakage shall be retained by
30 the licensed corporations.

1 (2) The remaining 50% of the breakage shall be retained
2 by the licensed corporations of which one-half of this
3 breakage shall be used solely by the licensed corporations
4 for claiming and nonclaiming races where entry is restricted
5 to Pennsylvania-sired horses in the following manner:

6 (i) On January 1, 1982, and thereafter at least five
7 of the horses programmed to start shall be Pennsylvania-
8 sired horses. If at least five of the horses programmed
9 to start are not Pennsylvania-sired horses, then the
10 licensed corporation conducting the meet shall cancel the
11 race.

12 (ii) On January 1, 1983, and thereafter at least
13 seven of the horses programmed to start shall be
14 Pennsylvania-sired horses. If at least seven of the
15 horses programmed to start are not Pennsylvania-sired
16 horses, then the licensed corporation conducting the meet
17 shall cancel the race.

18 (iii) On January 1, 1984, and thereafter, only
19 Pennsylvania-sired horses shall be allowed to start in
20 these races. If all the positions are not filled by
21 Pennsylvania-sired horses in these races, then the
22 licensed corporation conducting the meet shall cancel the
23 race.

24 All breakage moneys due licensed corporations for the purses for
25 claiming and nonclaiming races under this paragraph but not
26 expended as a result of a race cancellation shall be carried
27 forward to the next succeeding meet by the licensed corporations
28 to be used for claiming and nonclaiming races which restrict
29 entry to Pennsylvania-sired horses under the provisions of this
30 paragraph.

1 (d.1) An amount equivalent to one percent of the amount
2 wagered at each racing day at thoroughbred and harness horse
3 race meetings as set forth in section 221(a)(4) and (5) shall be
4 paid through the Department of Revenue for credit to the State
5 Racing Fund.

6 (e) All remaining moneys retained under section 221 and not
7 heretofore distributed shall be kept by the licensed
8 corporations for their use.

9 Section 223. Pennsylvania Breeding Fund.

10 (a) There is hereby created a restricted account in the
11 State Racing Fund to be known as the Pennsylvania Breeding Fund
12 which shall consist of the money appropriated under the
13 provisions of section 222 and which shall be administered by the
14 State Horse Racing Commission.

15 (b) After the deduction of expenses related to the
16 administration and development of the Pennsylvania Breeding Fund
17 program incurred by the Pennsylvania Horse Breeders'
18 Association, the State Horse Racing Commission shall, by rule or
19 regulation, provide for awards as follows:

20 (1) An award of 30% of the purse earned by every
21 registered Pennsylvania-bred thoroughbred horse sired by a
22 registered Pennsylvania sire at the time of conception of the
23 registered Pennsylvania-bred thoroughbred horse, or an award
24 of 20% of the purse earned by every registered Pennsylvania-
25 bred thoroughbred horse sired by a nonregistered sire, which
26 finishes first, second or third in any race conducted by a
27 licensed corporation under this act shall be paid to the
28 breeder of said registered Pennsylvania-bred thoroughbred
29 horse. A single award under this paragraph may not exceed 1%
30 of the total annual fund money.

1 (2) An award of 10% of the purse earned by any
2 Pennsylvania-bred thoroughbred horse which finishes first,
3 second or third in any race conducted by a licensed
4 corporation under this act shall be paid to the owner of the
5 registered Pennsylvania sire which regularly stood in
6 Pennsylvania at the time of conception of said Pennsylvania-
7 bred thoroughbred horse. A single award under this paragraph
8 may not exceed .5% of the total annual fund money.

9 (3) An award of 10% of the purse earned by any
10 registered Pennsylvania-bred thoroughbred horse which
11 finishes first in any race conducted by a licensed
12 corporation under this act not restricting entry to
13 registered Pennsylvania-bred thoroughbred horses shall be
14 paid to the licensed owner of said registered Pennsylvania-
15 bred thoroughbred horse at the time of winning. A single
16 award under this paragraph may not exceed .5% of the total
17 annual fund money.

18 (c) Up to one-fifth of the total of the estimated fund
19 moneys remaining each year after the deduction of expenses
20 related to the administration and development of the
21 Pennsylvania Breeding Fund program and the payment of breeder,
22 stallion and owner awards, shall be divided among the licensed
23 corporations that conduct thoroughbred horse race meetings in
24 direct proportion to the rate by which each licensed corporation
25 generated the fund moneys during the previous year to be used
26 solely for purses for Pennsylvania Breeding Fund stakes races
27 which restrict entry to registered Pennsylvania-bred
28 thoroughbred horses.

29 (d) The fund moneys remaining following disbursements as
30 directed in subsection (b) (1), (2) and (3) and subsection (c)

1 shall be divided among the licensed corporations that conduct
2 thoroughbred horse race meetings in direct proportion to the
3 rate by which each licensed corporation generated the fund
4 moneys during the previous year to be used for purses as
5 follows:

6 (1) Claiming and nonclaiming Pennsylvania Breeding Fund
7 races which restrict entry to registered Pennsylvania-bred
8 thoroughbred horses.

9 (2) Claiming and nonclaiming Pennsylvania Breeding Fund
10 races which prefer registered Pennsylvania-bred thoroughbred
11 horses as starters. In these races, should eight or more
12 registered Pennsylvania-bred horses pass the entry box, the
13 race shall be considered closed to horses other than
14 registered Pennsylvania-bred thoroughbred horses.

15 (e) Those Pennsylvania Breeding Fund moneys due licensed
16 corporations as outlined in subsections (c) and (d) but not
17 expended during the calendar year may be carried forth in the
18 fund on the account of said licensed corporations to be expended
19 during the succeeding year in addition to said corporations'
20 fund moneys annually due them for purses.

21 (f) The Pennsylvania Breeding Fund Advisory Committee, under
22 the jurisdiction of the State Horse Racing Commission, is hereby
23 established and shall be part of the Pennsylvania State Horse
24 Racing Commission. The commission shall consist of five members,
25 all of whom shall be residents of Pennsylvania, to be appointed
26 by the commission by June 1 of each year. The committee shall
27 consist of two members of the Pennsylvania Horse Breeders'
28 Association, one member from the licensed corporations, one
29 member from the association representing horsemen racing in
30 Pennsylvania and one member of the commission. If any member

1 other than the commission member has not been recommended by
2 June 1 of each year, the commission shall make an appointment
3 for the organization failing to so recommend a member of the
4 committee. The committee shall assist and advise the commission
5 under the provisions of this act but shall have no power in
6 administering the fund. The members of the committee shall
7 receive no compensation for their services as members.

8 (g) The State Horse Racing Commission may contract with the
9 Pennsylvania Horse Breeders' Association as the sole responsible
10 body for the registration and records of Pennsylvania-breds. The
11 Pennsylvania Horse Breeders' Association shall advise the
12 commission when called upon and shall determine the
13 qualifications for Pennsylvania-bred thoroughbred horses and
14 Pennsylvania sires. Its registration and record facts are hereby
15 declared as official Pennsylvania records. At the close of each
16 calendar year, the Pennsylvania Horse Breeders' Association,
17 through the Pennsylvania Breeding Fund Advisory Committee, shall
18 submit to the commission for its approval an itemized budget of
19 projected expenses for the ensuing year relating to the
20 administration and development of the Pennsylvania Breeding Fund
21 program. The commission, on no more than a quarterly basis,
22 shall reimburse from the fund the Pennsylvania Horse Breeders'
23 Association for those expenses actually incurred in the
24 administration and development of the Breeding Fund program.
25 Section 224. Pennsylvania Sire Stakes Fund.

26 (a) There is hereby created a restricted account in the
27 State Racing Fund to be known as the Pennsylvania Sire Stakes
28 Fund which shall consist of the money appropriated under the
29 provisions of section 222 and which shall be administered by the
30 State Harness Racing Commission.

1 (b) Sixty percent of the money remaining in the excess fund
2 account of the Pennsylvania Sire Stakes Fund at the end of the
3 calendar year in which this subsection is enacted shall be
4 distributed to licensed corporations that conduct harness horse
5 race meetings to be used in the next succeeding calendar year as
6 purse money for Pennsylvania-sired horses. The remaining 40% of
7 the money in the excess fund account at the end of the calendar
8 year of the enactment of this subsection, together with the
9 interest earned on that money, shall be distributed to licensed
10 corporations that conduct harness horse race meetings to be used
11 in the next succeeding calendar year following the next
12 succeeding calendar year as purse money for Pennsylvania-sired
13 horses. After deduction of sufficient funds to cover the State
14 Harness Racing Commission's cost of administration, 80%, unless
15 a smaller percentage is necessary in order to comply with the
16 minimum dollar requirement of subsection (e), of all remaining
17 moneys in the Pennsylvania Sire Stakes Fund at the end of the
18 calendar year shall be distributed to licensed corporations that
19 conduct harness horse race meetings to be used as purse money
20 for Pennsylvania-sired horses. The State Harness Racing
21 Commission may then allocate up to a total of and not exceeding
22 40% of the total amount to be distributed to licensed
23 corporations in a calendar year for use for a series of
24 championship final races at the race tracks of licensed
25 corporations that conduct harness horse race meetings. The State
26 Harness Racing Commission shall allocate the moneys to these
27 championship final races in an equal amount for each sex, age
28 and gait for two- and three-year-old trotters and pacers. The
29 State Harness Racing Commission shall determine conditions
30 establishing eligibility to these final events. No pari-mutuel

1 harness track shall be awarded more than 50% of the championship
2 final races in any calendar year. The State Harness Racing
3 Commission shall schedule these final events so as to evenly
4 alternate classes at each race track each year. After the
5 allocation for the championship final races has been determined,
6 the remaining funds to be distributed to licensed corporations
7 that conduct harness horse race meetings shall be divided
8 equally among the licensed corporations. Each licensed
9 corporation shall divide the funds received equally for each of:

10 (1) four two-year-old races; one pace for colts, one
11 pace for fillies, one trot for colts and one trot for
12 fillies; and

13 (2) four three-year-old races; one pace for colts, one
14 pace for fillies, one trot for colts and one trot for
15 fillies.

16 (c) Each allotment shall provide purse money for the
17 respective races. The purse money shall be in addition to any
18 entry fees or other funds available.

19 (d) Entry for these races shall be limited to harness horses
20 which were sired by a standardbred stallion regularly standing
21 in Pennsylvania and each race shall be designated a Pennsylvania
22 sire stakes race. The State Harness Racing Commission shall make
23 the provisions and regulations as it shall deem necessary for
24 the proper administration of the entry restriction.

25 (e) The remaining moneys in the Pennsylvania Sire Stakes
26 Fund up to a total of and not exceeding \$25,000 for each
27 agricultural fair and one- or two-day events as defined in
28 harness racing commission regulations shall be divided equally
29 among those agricultural fairs and one- or two-day events, not
30 to exceed more than five one- or two-day events per year and as

1 authorized by the State Harness Racing Commission, provided that
2 no more than two one-day or two-day events per county are
3 authorized unless, after a date established by the commission,
4 all five of the events have not been allocated, conducting
5 harness horse races for two-year-old and three-year-old harness
6 horses: Provided, however, That in no event shall less than
7 \$225,000 be allocated from the Pennsylvania Sire Stakes Fund and
8 be divided equally among those agricultural fairs and one- or
9 two-day events conducting these races. Each fair or one- or two-
10 day events receiving the funds shall divide the total amount
11 equally among all eligible races for two-year-old and three-
12 year-old harness horses and shall apply the funds solely as
13 additional purse funds. Only races to which entry is restricted
14 to Pennsylvania-sired horses shall be eligible. The State
15 Harness Racing Commission shall make the provisions and
16 regulations as it shall deem necessary for the proper
17 administration of all racing provided for in this subsection,
18 including, but not limited to, portable stall rentals at one-day
19 or two-day events.

20 (f) The fund moneys remaining following disbursements as
21 directed in subsections (b), (c), (d) and (e) shall, except as
22 provided in subsection (b), be divided among active licensed
23 corporations that conduct harness horse race meetings under this
24 act in direct proportion to the rate by which each licensed
25 corporation generated the fund moneys during the previous year.
26 The fund moneys so divided shall be used for purses as follows:

27 (1) A minimum of four races, claiming and nonclaiming,
28 shall be carded per week on the condition sheet for overnight
29 claiming and nonclaiming Pennsylvania Fund races which
30 restrict entry to registered Pennsylvania-sired or wholly

1 Pennsylvania-owned harness horses.

2 (2) Claiming and nonclaiming Pennsylvania Fund races
3 which prefer registered Pennsylvania-sired harness horses as
4 starters. In these races, should seven or more registered
5 Pennsylvania-sired harness horses pass the entry box, the
6 race shall be considered closed to horses other than
7 registered Pennsylvania-sired harness horses.

8 Section 225.1. Fair Fund proceeds.

9 The Secretary of Agriculture shall distribute certain moneys
10 in the Fair Fund annually, on or before March 1, for
11 reimbursement for each county agricultural society and each
12 independent agricultural society conducting harness horse racing
13 during its annual fair other than races for two- and three-year
14 old colts and fillies, an amount of money equal to that used
15 during their annual fair as purse money for harness horse
16 racing, track and stable maintenance, starting gate rental and
17 the cost of all harness horse racing officials required during
18 their annual fair, but not more than \$13,000, a minimum of
19 \$4,000 of which must be used for purse money and the balance of
20 said allotment per fair, not used for purse money over the
21 minimum \$4,000 allotment, shall be used for said specific
22 purposes herein before referenced, or otherwise said allotment
23 shall be retained in the fund. The State Harness Racing
24 Commission shall cause to be carried out as its responsibility a
25 yearly inspection of each track facility and shall advise each
26 operating fair of necessary track maintenance which is necessary
27 to insure adequate racing surface during the course of scheduled
28 fairs and racing events. If it is the opinion of the commission
29 that the fair society or event sponsor is not adequately
30 financing track maintenance through its permissible

1 reimbursement under this paragraph, the commission shall so
2 surcharge the Fair Fund account of said fair society or event
3 sponsor to effectuate said remediation.

4 Section 226. Hearing of refusal or revocation of license.

5 If the commissions refuse to grant any license applied for
6 under this act, or shall revoke or suspend any license granted,
7 the applicant or licensee may demand, within ten days after
8 notice of the decision of the appropriate commission, a hearing
9 before the appropriate commission. The commission shall give
10 prompt notice of the time and place for the hearing at which
11 time the commission will hear the applicant or licensee. Pending
12 the hearing and final determination, the action of the
13 commissions in refusing to grant or in revoking or suspending a
14 license shall remain in full force. The commissions may continue
15 any hearing from time to time for the convenience of any of the
16 parties. Any of the parties affected by a hearing may be
17 represented by counsel. In the conduct of the hearing, the
18 commissions shall not be bound by technical rules of evidence,
19 but all evidence offered before the commissions shall be reduced
20 to writing. All evidence, exhibits and findings of the
21 commissions shall be permanently preserved and shall constitute
22 the record of the commission. In connection with the hearing,
23 the commissions shall have the power to administer oaths and
24 examine witnesses, and may issue subpoenas to compel attendance
25 of witnesses and the production of all material and relevant
26 reports, books, papers, documents, correspondence and other
27 evidence. The commissions may by order refer to one or more of
28 its officers the duty of taking testimony in the matter and to
29 report to the commission. Within 30 days after the conclusion of
30 the hearing, the appropriate commission shall make a final order

1 in writing, setting forth the reasons for the action taken by it
2 and a copy thereof shall be served on the applicant or licensee.
3 Section 227. Approval of the racing facility.

4 The commissions shall not grant to a corporation formed under
5 this act a license to conduct a horse race meeting at which
6 pari-mutuel betting may be conducted, until the corporation has
7 submitted to the appropriate commission a statement of the
8 location of its proposed grounds and race track, together with a
9 plan of the track and plans of all buildings, seating stands and
10 other structures in a form as the appropriate commission may
11 prescribe. All plans shall be approved by the appropriate
12 commission before the issuance of any license to conduct a pari-
13 mutuel horse race meeting.

14 Section 228. Prohibition of wagering by certain officials,
15 employees and minors.

16 No commissioner, executive secretary, deputy, officer,
17 representative, employee or counsel of the commission shall
18 wager upon the outcome of any horse race conducted at a track at
19 which pari-mutuel wagering is conducted by any licensed
20 corporation of the commissions. No licensed corporation shall
21 permit any person who is actually and apparently under 18 years
22 of age to wager at a race meeting conducted by it. No licensed
23 corporation shall permit any person who is under 18 years of age
24 to attend a horse race meeting conducted by it unless the person
25 is accompanied by a parent or guardian. This section shall not
26 be construed to prohibit persons under 18 years of age, who are
27 legally employed, from being upon the race track premises for
28 the sole purpose of engaging in the performance of their duties
29 as employees. The commissions shall, by rule, provide for
30 enforcement of this section.

1 Section 229. State horse racing veterinarians and State
2 stewards.

3 (a) The State Horse Racing Commission shall appoint and
4 employ licensed veterinarians and stewards to serve as the horse
5 racing veterinarians and State stewards for horse racing,
6 respectively, at each meeting conducted by a corporation
7 licensed by the State Horse Racing Commission. The State Horse
8 Racing Commission shall have the authority to employ other
9 individuals as shall be necessary to carry out the
10 responsibilities of this section.

11 (b) The costs and compensation of the horse racing
12 veterinarians, State stewards and other individuals employed
13 shall be fixed and paid by the State Horse Racing Commission.

14 (c) The State Horse Racing Commission shall establish a job
15 description and professional criteria for stewards to assure
16 that they have a working knowledge of the horse racing industry.

17 Section 230. State harness racing veterinarians.

18 (a) The State Harness Racing Commission shall appoint and
19 employ licensed veterinarians to serve as the harness racing
20 veterinarians for harness racing at each meeting conducted by a
21 corporation licensed by the State Harness Racing Commission. The
22 State Harness Racing Commission shall have the authority to
23 employ other individuals as shall be necessary to carry out the
24 responsibilities under this section.

25 (b) The costs and compensation of the harness racing
26 veterinarians and other individuals employed to carry out the
27 provisions of this act shall be fixed and paid by the State
28 Harness Racing Commission.

29 Section 231. Free passes, cards or badges.

30 (a) A licensed corporation shall not issue free passes,

1 cards or badges without admission tax, except to persons
2 hereafter described: officers, employees and shareholders of the
3 corporation conducting the race meeting; members, officers and
4 employees of the commissions; members of horse racing
5 associations of other states and foreign countries; public
6 officers engaged in the performance of their duties; persons
7 employed and accredited by the press to attend such meeting;
8 owners, stable managers, trainers, jockeys, concessionaries and
9 other persons whose actual duties require their presence at the
10 race tracks.

11 (b) The commissions may allow a licensed corporation to
12 issue free passes, cards or badges for special promotional
13 programs and seasonal discount ticket programs, so long as the
14 corporation has obtained approval from the appropriate
15 commission. The admissions taxes under section 208 shall be
16 imposed on the price of all seasonal discount tickets sold by a
17 licensed corporation.

18 (c) The issuance of tax-free passes, cards or badges shall
19 be under the rules and regulations of the commissions. A list of
20 all persons, except persons admitted under an approved special
21 promotional program or seasonal discount ticket program, to whom
22 free passes, cards or badges are issued shall be filed with the
23 appropriate commission.

24 Section 232. Political subdivision agricultural fairs and horse
25 race meetings not licensed to conduct pari-mutuel
26 wagering.

27 Pari-mutuel wagering on horse races at any county or other
28 political subdivision, agricultural or other fair shall not be
29 authorized. No lottery, pool selling, bookmaking or any other
30 kind of gambling upon the results of races, heats or contests of

1 speed of horses shall be allowed at any fair or at any horse
2 race meeting conducted in the State, except those licensed to
3 operate pari-mutuel wagering under the provisions of this act.
4 Section 233. Monitoring of wagering on video screens.

5 Every corporation licensed to conduct pari-mutuel betting
6 shall display on video screens the approximate odds or
7 approximate will-pays on each horse for each race as well as any
8 combination of races including, but not limited to, quinellas,
9 exactas, perfectas and any other combination or pool of races.
10 No display of approximate odds or approximate will-pays shall be
11 required where the wager is on horses in four or more races,
12 such as "Pick 4, Pick 5 or Pick 6." In addition to displaying
13 the amount of money wagered, the approximate odds or approximate
14 will-pays on each horse or combination of horses shall be shown
15 on video screens in each wagering division. For trifectas, in
16 lieu of odds or approximate will-pays, the amount of money being
17 wagered on each horse to win in the trifecta pool shall be
18 displayed on video screens separately from any other
19 information. The above required information shall be displayed
20 from the opening of bets or wagering and be continually
21 displayed until the wagering is closed. At least one video
22 screen in each wagering division shall display the amount of
23 money wagered on each horse involved in any trifecta pool.

24 Section 234. Simulcasting.

25 The State Horse Racing Commission and the State Harness
26 Racing Commission shall only permit intrastate simulcasting of
27 live racing between two licensed corporations when each
28 continues to schedule 95% of the total number of horse or
29 harness racing days scheduled in 1986 at the facility where each
30 said licensed corporation conducts its horse or harness racing

1 dates, and when the average number of live horse or harness
2 races per race day equals 90% of the average number of live
3 horse or harness races conducted per day in 1985 at the facility
4 where each said licensed corporation conducts its horse or
5 harness racing dates, subject to any actions or activities
6 beyond the control of the licensee: Provided, however, That for
7 any licensed corporation that was granted a permanent license
8 for horse racing and operating at a facility where the average
9 daily handle at the facility at which the licensed corporation
10 conducts racing dates is less than \$150,000 in any calendar year
11 after 1985, the State Horse Racing Commission may permit
12 intrastate simulcasting when the licensed corporation first
13 schedules a minimum of 50 racing days in the calendar year in
14 which it wishes to simulcast. A newly licensed corporation
15 racing at the facility may be permitted to intrastate simulcast
16 by the State Horse Racing Commission when it first schedules at
17 least 50 racing dates in the year in which it wishes to
18 simulcast. If a newly licensed corporation is awarded harness or
19 horse racing dates after 1987 and races those dates at a horse
20 or harness racing facility existing in 1987, other than a
21 facility whose average daily handle is less than \$150,000, the
22 respective commissions shall not permit intrastate simulcasting
23 unless the same number of horse or harness dates scheduled at
24 that facility in 1987 are scheduled at that facility in the year
25 that the corporation wishes to simulcast subject to any actions
26 or activities beyond the control of the licensees (i.e. act of
27 God, strike). For a licensed corporation awarded racing dates at
28 a facility which did not conduct horse or harness racing prior
29 to 1987, the respective commissions may permit intrastate
30 simulcasting if the licensed corporation is the only corporation

1 operating that facility when that corporation first schedules a
2 minimum of 125 days of racing dates in the calendar year in
3 which it wishes to simulcast or when more than one such
4 corporation is awarded dates for racing at the same facility
5 when those corporations first schedule a minimum of 200 days of
6 racing in the calendar year in which they wish to simulcast. For
7 purposes of this section a racing day shall consist of a minimum
8 of eight live races, except at thoroughbred tracks on Breeders'
9 Cup Event Day. For any licensed racing corporation engaged in
10 simulcasting, regardless of location or distance from another
11 licensed racing corporation, there shall exist a written
12 agreement with the horseman's organization representing a
13 majority of the owners and trainers at both the sending and
14 receiving racetracks. If no agreement can be reached, then the
15 licensed corporation may petition the court of common pleas in
16 the county in which the licensed corporation racetrack is
17 located, which may, upon good cause shown by the licensed
18 corporation that failure to consent would be detrimental to the
19 Pennsylvania racing industry, direct the organization
20 representing the horsemen to approve the simulcast agreement.
21 The respective commission may then authorize the simulcasting,
22 if, in the opinion of the appropriate commission, such
23 simulcasting will have significant value to the Pennsylvania
24 racing industry. The simulcast signal shall be encoded, and the
25 racetrack receiving the simulcast signal shall not send this
26 signal anywhere other than public locations authorized under
27 section 218 or 218-A. All forms of pari-mutuel wagering
28 described in section 221 shall be allowed on races to be
29 televised by simulcasting under this section. The State Horse
30 Racing Commission and the State Harness Racing Commission may

1 promulgate regulations on wagering and the operation of these
2 races. All money wagered by patrons on these races shall be
3 computed in the amount of money wagered each racing day for
4 purposes of taxation under section 222. In the event the
5 simulcast is between a thoroughbred racetrack and a harness
6 racetrack, both commissions shall have jurisdiction, and any
7 approval required hereunder must be received from both
8 commissions: Provided, however, That if no agreement can be
9 reached between the horseman's organization aforementioned, then
10 the licensed corporation may petition the court of common pleas
11 in the county in which the licensed corporation racetrack is
12 located, which may, upon good cause shown by the licensed
13 corporation that failure to consent would be detrimental to the
14 Pennsylvania racing industry, direct the organization
15 representing the horsemen to approve the simulcast agreement.
16 The respective commissions may then authorize the simulcasting
17 if, in the opinions of the respective commission, such
18 simulcasting will have a significant value to the Pennsylvania
19 racing industry. The provisions of this section with regard to
20 the required number of racing days may be waived or modified by
21 the applicable commission if the waiver or modification has been
22 consented to by the horseman's organization representing a
23 majority of the owners and trainers at the racetrack where the
24 racing days are to be scheduled or raced.

25 Section 235. Commingling.

26 (a) This section shall be applicable only to licensed
27 thoroughbred racing corporations.

28 (b) The race secretary shall receive entries and
29 declarations as an agent for the licensed corporation for which
30 the race secretary acts. The race secretary or an individual

1 designated by the licensed corporation may receive stakes,
2 forfeits, entrance money, jockey's and other fees, purchase
3 money in claiming races and other money that can properly come
4 into his possession as an agent for the licensed corporation for
5 which the race secretary or designee is acting.

6 (c) A licensed corporation shall maintain a separate
7 account, called a Horsemen's Account. Money owing to owners in
8 regard to purses, stakes, rewards, claims and deposits shall be
9 deposited into the Horsemen's Account. Funds in the account
10 shall be recognized and denominated as being the sole property
11 of owners. Deposited funds may not be commingled with funds of
12 the licensed corporation unless a licensed corporation has
13 established, in favor of the organization which represents a
14 majority of the owners and trainers racing with the licensed
15 corporation, an irrevocable clean letter of credit with an
16 evergreen clause. The minimum amount of the credit must be the
17 greater of \$1,000,000 or 110% of the highest monthly balance in
18 the Horsemen's Account in the immediate prior year. To calculate
19 the monthly balance in the Horsemen's Account, the sum of the
20 daily balances shall be divided by the number of days in the
21 month. The evergreen clause must provide that, 30 days prior to
22 the expiration of the letter of credit, the financial
23 institution can elect not to renew the letter of credit; that,
24 upon this election, the financial institution must notify the
25 designee of the organization which represents a majority of the
26 owners and trainers racing with the licensed corporation, by
27 registered mail, return receipt requested, of the election not
28 to renew; and that the financial institution will honor the
29 letter of credit for six months after expiration. Purse money
30 earned by owners shall be deposited by the licensed corporation

1 in the Horsemen's Account within 48 hours after the result of
2 the race in which the money was earned has been declared
3 official and the purse has been released by the commission.

4 (d) A licensed corporation shall designate a bookkeeper who
5 is authorized to receive and disburse funds from the Horsemen's
6 Account. The bookkeeper must be bonded to provide indemnity for
7 malfeasance, nonfeasance and misfeasance. A certified copy of
8 the bond shall be filed with the commission.

9 (e) The Horsemen's Account and the investment and deposit
10 schedules relating to the account are subject to examination, at
11 reasonable times, by a designee of the organization which
12 represents a majority of the owners and trainers racing with the
13 licensed corporation and by the commission. The bookkeeper shall
14 provide each owner with access, at reasonable times during a
15 racing day, to the amount of funds in the Horsemen's Account
16 credited to that owner. At the close of a race meeting, the
17 bookkeeper shall mail to each owner a record of deposits,
18 withdrawals and transfers affecting the amount of funds in the
19 Horsemen's Account credited to that owner.

20 (f) The Horsemen's Account shall be audited periodically as
21 deemed appropriate by the commission. There shall be at least
22 one audit per year. Monthly statements shall be provided to the
23 designee of the organization which represents a majority of the
24 owners and trainers racing with the licensed corporation.

25 (g) Fifty percent of the money earned as interest on funds
26 in the Horsemen's Account shall be paid to the organization
27 which represents a majority of the owners and trainers racing
28 with the licensed corporation on a weekly basis. This amount
29 shall be for the benefit of the horsemen as determined by the
30 organization which represents the majority of the owners and

1 trainers racing with the licensed corporation. The remaining 50%
2 of the interest earned shall be for the benefit of the licensed
3 corporation which shall have the responsibility to fund all
4 costs associated with the administration of the fund. Interest
5 each month must be earned in an amount equal to the Federal
6 Reserve Discount Rate on the first day of the month.

7 Section 236. Harness racing purse moneys.

8 Each licensed harness horse racing association must place on
9 deposit with the State Harness Racing Commission by March 1 of
10 each year an irrevocable letter of credit equivalent to its
11 average weekly purse total from the immediate prior year. The
12 commission shall hold the letter of credit in trust for the
13 harness horsemen racing at that licensed corporation in the
14 event that purse checks are not issued or that insufficient
15 funds are available to cover the purse checks.

16 Section 237. Limitations on day and night racing.

17 (a) For the purpose of this section day racing shall be
18 racing days for which the starting time for the first race is at
19 or before 2:00 p.m., and night racing shall be racing days for
20 which the starting time for the first race is after 5:00 p.m.
21 Day racing may not be conducted at any racing facility after
22 1985 on any comparable type racing day or holiday on which day
23 racing was not conducted in 1985 unless all presently operating
24 licensed corporations conducting day racing agree, in writing,
25 to allow such day racing activities.

26 (b) Night racing may not be conducted at any racing facility
27 after 1985 on any comparable type racing night or holiday on
28 which night racing was not conducted in 1985 unless all
29 presently operating racing facilities conducting night racing
30 agree, in writing, to allow night racing activities.

1 (c) Each appropriate commission shall have the authority to
2 grant exceptions to this section upon application by a licensed
3 racing corporation for not more than five racing days per
4 calendar year with respect to each licensed corporation. The
5 provisions of this section shall be effective until July 1,
6 1991.]

7 Section 3. The act is amended by adding chapters to read:

8 CHAPTER 2-A

9 RACING OVERSIGHT

10 Section 201-A. State Horse Racing Commission.

11 (a) Establishment.--The State Horse Racing Commission is
12 established as a commission within the Department of Agriculture
13 to independently regulate the operations of horse racing, the
14 conduct of pari-mutuel wagering and the promotion AND MARKETING <--
15 of horse racing in this Commonwealth in accordance with this
16 act.

17 (b) Membership.--The commission shall consist of the
18 following members:

19 (1) Three members appointed by the Governor as follows:

20 (i) One member shall be a licensed veterinarian.

21 ~~(ii) One member shall be selected from a list of <--~~
22 ~~recommendations submitted to the Governor from each~~
23 ~~standardbred horsemen's organization.~~

24 ~~(iii) One member shall be selected from a list of~~
25 ~~recommendations submitted to the Governor from each~~
26 ~~thoroughbred horsemen's organization.~~

27 (II) ONE MEMBER REPRESENTING THE STANDARDBRED <--
28 HORSEMEN'S ORGANIZATIONS IN THIS COMMONWEALTH. EACH
29 ORGANIZATION SHALL SUBMIT THE NAME OF FIVE INDIVIDUALS TO
30 THE GOVERNOR. THE GOVERNOR SHALL SELECT FROM THE NAMES

1 SUBMITTED AND MAKE AN APPOINTMENT IN ACCORDANCE WITH THIS
2 SUBSECTION.

3 (III) ONE MEMBER REPRESENTING THE THOROUGHBRED
4 HORSEMEN'S ORGANIZATION IN THIS COMMONWEALTH. EACH
5 ORGANIZATION SHALL SUBMIT THE NAME OF FIVE INDIVIDUALS TO
6 THE GOVERNOR. THE GOVERNOR SHALL SELECT FROM THE NAMES
7 SUBMITTED AND MAKE AN APPOINTMENT IN ACCORDANCE WITH THIS
8 SUBSECTION.

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

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

11 (ii) The Minority Leader of the Senate.

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

13 (iv) The Minority Leader of the House of
14 Representatives.

15 (3) The Secretary of Agriculture or the secretary's
16 designee.

17 (4) The chairman of the Pennsylvania Gaming Control
18 Board or the chairman's designee.

19 (5) Each appointing authority shall make its
20 appointments within 30 days of the effective date of this
21 section. Appointments to fill a vacancy shall be made within
22 10 days of the creation of the vacancy. An appointment shall
23 not be final until receipt by the appointing authority of a
24 background investigation of the appointee by the Pennsylvania
25 State Police, which shall be completed within 30 days of the
26 appointment. A person who has been convicted in a domestic or
27 foreign jurisdiction of a felony, infamous crime, gambling
28 offense or an offense related to fixing horse races or animal
29 cruelty may not be appointed to the commission.

30 (6) The following shall apply to appointees,

1 commissioners, employees and independent contractors:

2 (i) Each commissioner at the time of appointment
3 must be at least 25 years of age and must have been a
4 resident of this Commonwealth for a period of at least
5 one year immediately preceding appointment. Each
6 commissioner must remain a resident of this Commonwealth
7 during the term of membership on the commission.

8 (ii) ~~A~~ EXCEPT FOR COMMISSIONERS APPOINTED UNDER <--
9 SUBSECTION (B) (3) AND (4), A person may not be appointed
10 a commissioner if the person is a public official, ~~except~~ <--
11 ~~commissioners appointed under subsection (b) (3) and (4),~~
12 or party officer as defined in 4 Pa.C.S. § 1512 (relating
13 to financial and employment interests) in this
14 Commonwealth or any of its political subdivisions.

15 (iii) Each commissioner, employee and independent
16 contractor of the commission must sign an agreement not
17 to disclose confidential information.

18 (iv) Except for a commissioner appointed under
19 paragraph (1)(ii) and (iii), a commissioner, employee or
20 independent contractor of the commission or other agency
21 having regulatory authority over horse racing under this
22 act may not be employed, hold an office or position or be
23 engaged in an activity which is incompatible with the
24 position, employment or contract.

25 (v) A commissioner may not be paid or receive a fee
26 or other compensation for any activity related to the
27 duties or authority of the commission other than
28 compensation and expenses provided by law.

29 (vi) A commissioner, employee or independent
30 contractor of the commission may not participate in a

1 hearing, proceeding or other matter in which the member,
2 employee or independent contractor, or the immediate
3 family thereof, has a financial interest in the subject
4 matter of the hearing or proceeding or other interest
5 that could be substantially affected by the outcome of
6 the hearing or proceeding without first fully disclosing
7 the nature of the interest to the commission and other
8 persons participating in the hearing or proceeding. The
9 commission shall determine if the interest is a
10 disqualifying interest that requires the disqualification
11 or nonparticipation of a commissioner, an employee or
12 independent contractor.

13 (vii) At the time of appointment and annually
14 thereafter, each commissioner shall disclose the
15 existence of any financial interest in any applicant, OR <--
16 licensed racing entity ~~or licensed entity~~ and in an <--
17 affiliate, intermediary, subsidiary or holding company
18 thereof held by the commissioner or known to be held by a
19 commissioner's immediate family. The disclosure statement
20 shall be filed with each director established under
21 subsection (d) (2) and with the appointing authority for
22 such commissioner and shall be open to inspection by the
23 public at the office of the commission during the normal
24 business hours of the commission and posted on the
25 commission's Internet website for the duration of a
26 commissioner's term and for two years after a
27 commissioner leaves office.

28 (viii) ~~Prior to entering into employment or a <--~~
29 ~~contract with the commission and annually thereafter, an~~
30 ~~employee or independent contractor must disclose the~~

~~existence of any financial interest in any applicant,
licensed racing entity or licensed entity and in an
affiliate, intermediary, subsidiary or holding company
thereof owned or held by the employee or independent
contractor or known to be held by the immediate family of
the employee or independent contractor. The disclosure
statement shall be filed with the commission and shall be
open to inspection by the public at the office of the
commission during the normal business hours of the
commission and posted on the commission's Internet
website for the duration of the employment or contract
and for two years after termination of employment or a
contract with the commission. (RESERVED).~~ <--

(ix) ~~A commissioner or employee BUREAU DIRECTOR of
the commission may not directly or indirectly solicit,
request, suggest or recommend to any applicant, licensed
racing entity, LICENSED GAMING ENTITY or an affiliate,
intermediary, subsidiary or holding company thereof or to
an employee or agent thereof, the appointment or
employment of any person in any capacity by the
applicant, licensed racing entity, LICENSED GAMING ENTITY
or an affiliate, intermediary, subsidiary or holding
company thereof during the term of office or employment
with the commission.~~ <--

(x) ~~Except for a commissioner appointed under
paragraph (1)(ii) and (iii), a commissioner may not
accept employment with an applicant for a horse racing
license, a licensed racing entity, or an affiliate,
intermediary, subsidiary or holding company thereof, for
a period of two years from the termination of term of~~

1 office.

2 (xi) A former commissioner may not appear before the
3 commission in any hearing or proceeding or participate in
4 any other activity on behalf of any applicant for a horse
5 racing license, a licensed racing entity, or an
6 affiliate, intermediary, subsidiary or holding company of
7 an applicant or licensed racing entity for a period of
8 two years from the termination of term of office.

9 (xii) A commissioner or employee of the commission
10 may not accept a complimentary service, place a wager or
11 be paid any prize from any wager on a horse race at a
12 racetrack or nonprimary location within this Commonwealth
13 or at any other racetrack or nonprimary location outside
14 this Commonwealth which is owned or operated by a
15 licensed racing entity or any of its affiliates,
16 intermediaries, subsidiaries or holding companies for the
17 duration of the commissioner's or employee's term of
18 office or employment. Nothing in this section shall be
19 construed to prohibit a commissioner appointed under
20 paragraph (1)(ii) and (iii) from being awarded a purse or
21 breeders' award for the commissioner's participation in
22 horse racing.

23 (xiii) A commissioner who has been convicted during
24 his term of office in a domestic or foreign jurisdiction
25 of a felony, infamous crime, offense related to fixing or
26 rigging horse races or gambling offense shall, upon
27 conviction, be automatically removed from the commission
28 and shall be ineligible to become a commissioner in the
29 future.

30 (xiv) The following shall apply to an employee of

1 the commission whose duties substantially involve
2 licensing, enforcement, development of law, promulgation
3 of regulations or development of policy, relating to
4 horse racing under this act or who has other
5 discretionary authority which may affect or influence the
6 outcome of an action, proceeding or decision under this
7 act, including the director of a bureau:

8 (A) The individual may not, for a period of two
9 years following termination of employment, accept
10 employment with or be retained by an applicant for a
11 horse racing license or a licensed racing entity or
12 by an affiliate, intermediary, subsidiary or holding
13 company of an applicant or a licensed racing entity.

14 (B) The individual may not, for a period of two
15 years following termination of employment, appear
16 before the commission in a hearing or proceeding or
17 participate in activity on behalf of any applicant,
18 licensee, ~~permittee~~ or licensed racing entity or on <--
19 behalf of an affiliate, intermediary, subsidiary or
20 holding company of any applicant, licensee, ~~permittee~~ <--
21 or licensed racing entity.

22 (C) THIS SUBPARAGRAPH SHALL NOT APPLY TO AN <--
23 EMPLOYEE SUBJECT TO THE JURISDICTION OF THE
24 PENNSYLVANIA SUPREME COURT UNDER SECTION 10(C) OF
25 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA.

26 (xv) Nothing under subparagraph (xiv) shall prevent
27 a current or former employee of the commission from
28 appearing before the commission in a hearing or
29 proceeding as a witness or testifying as to a fact or
30 information.

1 (xvi) The State Ethics Commission shall issue a
2 written determination of whether a person is subject to
3 subparagraph (xiv) upon the written request of the person
4 or the person's employer or potential employer. A person
5 that relies in good faith on a determination issued under
6 this paragraph shall not be subject to any penalty for an
7 action taken, if all material facts set forth in the
8 request for the determination are correct.

9 (xvii) The State Ethics Commission shall publish a
10 list of all employment positions within the commission
11 whose duties would subject the individuals in those
12 positions to the provisions of subparagraph (xiv). The
13 commission shall assist the State Ethics Commission in
14 the development of the list, which shall be published by
15 the State Ethics Commission in the Pennsylvania Bulletin
16 biennially and posted by the commission on the
17 commission's Internet website. Upon request, employees of
18 the commission shall have a duty to provide the State
19 Ethics Commission with adequate information to accurately
20 develop and maintain the list. The State Ethics
21 Commission may impose a civil penalty under 65 Pa.C.S. §
22 1109(f) (relating to penalties) upon an individual who
23 fails to cooperate with the State Ethics Commission under
24 this subparagraph. An individual who relies in good faith
25 on the list published by the State Ethics Commission
26 shall not be subject to any penalty for a violation of
27 subparagraph (xiv).

28 (xviii) A commissioner may not solicit, request,
29 suggest or recommend the employment by the commission of
30 an immediate family member.

1 (xix) If a commissioner violates any provision of
2 this section, the appointing authority may remove the
3 person from the commission. A commissioner removed under
4 this paragraph shall, for a period of five years
5 following removal, be prohibited from future appointment
6 to the commission and shall be prohibited from applying
7 for a license, permit or other authorization under this
8 act and from becoming an independent contractor with the
9 commission or registering as a licensed racing entity
10 representative.

11 (xx) Except for a commissioner appointed under
12 paragraph (1)(ii) and (iii), a commissioner or employee
13 of the commission may not directly or indirectly have an
14 ownership interest in a race horse which is entered in a
15 horse race meeting in this Commonwealth.

16 ~~(7) The commissioner or employee of the commission shall~~ <--
17 ~~serve as a fiduciary of the Commonwealth.~~

18 ~~(8) Commissioners shall exercise the standard of care~~
19 ~~required by 20 Pa.C.S. Ch. 73 (relating to municipalities~~
20 ~~investments) in the performance of their duties under this~~
21 ~~act.~~

22 ~~(9) (7) A commissioner shall not be personally liable~~ <--
23 ~~for any of the following:~~

24 (i) Obligations of the commission.

25 (ii) Actions which were within the scope of their
26 office and made in good faith.

27 (b.1) Initial appointments to commission.--

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) An appointment to fill a vacancy created by a
4 commissioner appointed in accordance with paragraph (1) shall
5 be for the remainder of the unexpired term.

6 (b.2) Terms of office.--Upon the expiration of a term of a
7 member COMMISSIONER appointed under subsections (b) and (b.1), <--
8 the following shall apply:

9 (1) The term of office of a gubernatorial appointee
10 shall be three years and until a successor is appointed and
11 qualified.

12 (2) The term of office of a legislative appointee shall
13 be two years and until a successor is appointed and
14 qualified.

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

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

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

21 (6) A commissioner appointed to fill a vacancy under
22 paragraph (3) may serve three full terms following the
23 expiration of the term related to the vacancy.

24 (7) A commissioner appointed to fill a vacancy under
25 paragraph (4) may serve two full terms following the
26 expiration of the term related to the vacancy.

27 (c) Chairperson.--The governor shall appoint the chairperson
28 of the commission.

29 (c.1) Compensation.--Commissioners shall be reimbursed for
30 documented expenses incurred in the performance of their

1 official duties. Except for commissioners appointed under
2 subsection (b)(3) and (4), commissioners shall be paid \$300 per
3 diem for performing their duties.

4 (c.2) Meetings.--The commission shall meet at least once a
5 month and at other times as the commission chairperson deems
6 necessary. Public notice of the time and place of meetings of
7 the commission shall be given in accordance with 65 Pa.C.S. Ch.
8 7 (relating to open meetings).

9 (d) Office of Horse Racing.--There is hereby established
10 within the commission an Office of Horse Racing.

11 (1) The office shall be comprised of the following:

12 (i) The Bureau of Thoroughbred Horse Racing shall
13 have oversight over the conduct of thoroughbred horse
14 racing in this Commonwealth.

15 (ii) The Bureau of Standardbred Horse Racing shall
16 have oversight over the conduct of standardbred horse
17 racing in this Commonwealth.

18 (2) The commission by a ~~super majority vote~~ QUALIFIED <--
19 MAJORITY VOTE CONSISTING OF THE VOTE OF AT LEAST ONE
20 APPOINTEE UNDER SECTION 201-A(B) (1) AND FOUR APPOINTEES UNDER
21 SECTION 201-A(B) (2) shall select and employ an independent A <--
22 Director of the Bureau of Thoroughbred Horse Racing and A <--
23 DIRECTOR OF the Bureau of Standardbred Horse Racing to serve
24 and report to the commission. The ~~directors~~ DIRECTOR of each <--
25 bureau shall not be supervised by the Department of
26 Agriculture. The commission shall assign the directors duties
27 and responsibilities as required to fulfill the commission's
28 obligations under this or any other act. THE COMMISSION MAY, <--
29 BY ORDER, DELEGATE DUTIES AND RESPONSIBILITIES TO THE BUREAU
30 DIRECTOR AS THE COMMISSION DETERMINES NECESSARY TO DISCHARGE

1 THE DAY-TO-DAY LICENSING, ENFORCEMENT AND ADMINISTRATIVE
2 OPERATIONS OF THE COMMISSION. The director of each bureau
3 established in this section must meet ~~any~~ ALL of the <--
4 following requirements:

5 ~~(i) Has been certified as a racing official.~~ <--

6 ~~(ii) Has at least five years' experience in the~~

7 (I) HAS EITHER: <--

8 (A) BEEN CERTIFIED AS A RACING OFFICIAL; OR

9 (B) HAS AT LEAST FIVE YEARS' EXPERIENCE IN THE
10 management of a licensed racing entity or equivalent
11 racing experience.

12 (II) ANY OTHER CRITERIA ESTABLISHED BY THE <--

13 COMMISSION.

14 (3) Each bureau established under this subsection shall
15 have the following powers and duties:

16 (i) Evaluate and review all applicants and
17 applications for a thoroughbred horse racing or
18 standardbred horse racing license. A bureau under this
19 section shall be prohibited from disclosing any portion
20 of an evaluation to a commissioner prior to the decision
21 relating to the applicant's suitability for licensure by
22 the commission.

23 (ii) Inspect and monitor licensees and other persons
24 regulated under this act for noncriminal violations,
25 including potential violations referred to either bureau
26 by the commission or other person.

27 (iii) Monitor horse racing operations to ensure
28 compliance with this act.

29 (iv) Inspect and examine licensed racing entities
30 AND RACETRACK FACILITIES. <--

1 (A) Inspections may include the review and
2 reproduction of any document or record.

3 (B) Examinations may include the review of
4 accounting, administrative and financial records,
5 management control systems, procedures and other
6 records.

7 (v) Refer possible criminal violation to law
8 enforcement.

9 (vi) Cooperate in the investigation and prosecution
10 of any criminal violation.

11 (VII) ISSUE ADMINISTRATIVE SUBPOENAS TO EFFECTUATE <--
12 AN INSPECTION AND REVIEW UNDER THIS PARAGRAPH, ADMINISTER
13 OATHS AND TAKE TESTIMONY AS NECESSARY FOR THE
14 ADMINISTRATION OF THIS ACT.

15 (e) Jurisdiction.--The commission shall have jurisdiction
16 and regulatory authority over the following:

17 (1) Pari-mutuel wagering and other horse racing
18 activities in this Commonwealth.

19 (2) A licensed person engaged in pari-mutuel horse
20 racing activities.

21 (3) Out-of-competition drug testing, which shall include
22 the random drug testing of ~~all horses~~ ANY HORSE entered in a <--
23 race, NOTWITHSTANDING THE PHYSICAL LOCATION OF THE HORSE, <--
24 stabled on the grounds or shipped into a licensed racing
25 entity's facility.

26 (4) The conduct of horse racing in this Commonwealth.

27 (f) Voting.--

28 (1) Except as provided under paragraphs (2) and (3), any
29 action, including the approval, issuance, denial or
30 conditioning of a horse racing license by the commission, the

1 making of any order or the ratification of a permissible act
2 done or order made by one or more commissioners shall require
3 a supermajority vote consisting of six of nine commissioners. <--

4 A QUALIFIED MAJORITY VOTE CONSISTING OF THE VOTE OF AT LEAST <--
5 ONE APPOINTEE UNDER SECTION 201-A(B) (1) AND FOUR APPOINTEES
6 UNDER SECTION 201-A(B) (2).

7 (2) Any action BY THE BOARD OF JUDGES OR STEWARDS to <--
8 suspend, revoke, not renew, void or require forfeiture of an
9 occupational license or permit issued under this act, to
10 impose an administrative fine or penalty or to issue cease
11 and desist orders or similar enforcement actions shall
12 require a majority vote of all commissioners, UNLESS THE <--
13 DUTIES HAVE BEEN DELEGATED BY THE COMMISSION TO THE BUREAU
14 DIRECTORS.

15 (3) Notwithstanding any other provision of this act or
16 65 Pa.C.S. § 1103(j) (relating to restricted activities), a
17 commissioner must disclose the nature of his disqualifying
18 interest, disqualify himself and abstain from voting in any
19 hearing or proceeding in which the commissioner's
20 objectivity, impartiality, integrity or independence of
21 judgment may be reasonably questioned. If a commissioner has
22 disqualified himself, the ACTION REQUIRING A supermajority <--
23 vote shall ~~consist~~ REQUIRE A VOTE OF THE MAJORITY of all of <--
24 the remaining commissioners PLUS ONE ADDITIONAL VOTE. <--

25 (g) Records.--The commission shall maintain at its office
26 the following:

27 (1) All documents, DIGITAL OR NONDIGITAL, provided to or <--
28 filed with the commission relating to the regulation of horse
29 racing and pari-mutuel wagering under this act. ~~Documents~~ THE <--
30 COMMISSION MAY ACCEPT DIGITAL SIGNATURES ON DOCUMENTS

1 PROVIDED OR FILED AND DOCUMENTS may be designated as
2 confidential in accordance with commission policy.

3 (2) A docket setting forth the names of all stockholders
4 in a licensed racing entity. The docket shall be available
5 for public inspection during normal business hours of the
6 commission.

7 (3) The number of shares held by each stockholder.

8 (4) A complete record of proceedings of the commission
9 relating to horse racing and pari-mutuel wagering.

10 (h) Rules and regulations.--The following shall apply:

11 (1) All rules and regulations promulgated under the
12 former act of December 11, 1967 (P.L.707, No.331), referred
13 to as the Pennsylvania Thoroughbred Horse Racing Law, or the
14 former act of December 22, 1959 (P.L.1978, No.728), referred
15 to as the Pennsylvania Harness Racing Law, shall remain in
16 effect except to the extent that they are in direct conflict
17 with this act. The commission may adopt, amend, revise or
18 alter the rules and regulations as the commission deems
19 necessary.

20 (2) The commission shall promulgate rules and
21 regulations necessary for the administration and enforcement
22 of this act. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT <--
23 OR LAW, REGULATIONS MUST BE APPROVED BY A QUALIFIED MAJORITY
24 VOTE WHICH MUST CONSIST OF THE VOTE OF AT LEAST ONE APPOINTEE
25 UNDER SECTION 201-A(B) (1) AND FOUR APPOINTEES UNDER SECTION
26 201-A(B) (2). REGULATIONS RELATING TO STANDARDBRED HORSE
27 RACING MUST BE PROMULGATED SEPARATELY FROM REGULATIONS
28 RELATING TO THOROUGHBRED HORSE RACING. Except as provided in
29 THIS PARAGRAPH AND paragraph (3), regulations shall be <--
30 promulgated in accordance with law.

1 (3) In order to facilitate the prompt implementation of
2 this act, regulations promulgated by the commission shall be
3 deemed temporary regulations which shall not expire for a
4 period of three years following publication. Temporary
5 regulations shall not be subject to:

6 (i) Sections 201, 202, 203, 204 and 205 of the
7 Commonwealth Documents Law.

8 (ii) The Regulatory Review Act.

9 (iii) Sections 204(b) and 301(10) of the
10 Commonwealth Attorneys Act.

11 (4) The commission's authority to promulgate temporary
12 regulations under paragraph (3) shall expire three years
13 after the effective date of this section. Regulations adopted
14 after this period shall be promulgated as provided by law.

15 (i) Application.--The commission shall develop an
16 application for applicants seeking a license to conduct horse
17 racing pursuant to this act.

18 (j) Licenses.--Each license to conduct horse racing or any
19 other activity under this act issued prior to January 1, 2017,
20 shall remain in effect for the remainder of the term for which
21 the license was issued unless revoked or suspended. Beginning
22 January 1, 2017, a license shall be renewed or a new license
23 shall be issued in accordance with this act.

24 (k) Report of commission.--Twelve months after the effective
25 date of this section and every year on that date thereafter, the
26 commission, THROUGH THE DEPARTMENT OF AGRICULTURE, shall issue a <--
27 report to the Governor and each member of the General Assembly
28 on the general operation of the commission and each licensee's
29 performance, including number and win per race and total gross
30 revenue at each facility of a licensed racing entity during the

1 previous year, all taxes, fees, fines and other revenues
2 collected and, where appropriate, disbursed, the costs of
3 operation of the commission, all hearings conducted and the
4 results of the hearings and other information that the
5 commission deems necessary and appropriate. NOTWITHSTANDING ANY <--
6 OTHER REPORTING REQUIREMENTS IN 4 PA.C.S. § 1211 (RELATING TO
7 REPORTS OF BOARD), THE PENNSYLVANIA GAMING CONTROL BOARD AND THE
8 DEPARTMENT OF AGRICULTURE MUST JOINTLY SUBMIT THE REPORT UNDER
9 THIS SUBSECTION RELATING TO RACING ON AN ANNUAL BASIS.

10 (l) Record of proceedings.--The commission shall cause to be
11 made and kept a record of all proceedings held at public
12 meetings of the commission. ~~The~~ A verbatim transcript of those <--
13 proceedings shall be the property of the commission and shall be <--
14 prepared by the commission upon the request of any commissioner <--
15 or upon the request of any other person and the payment by that <--
16 person of the costs of preparation.

17 (m) Public records.--~~Beginning 30 days after the effective~~ <--
18 ~~date of this section, the~~ THE commission shall ANNUALLY post, <--
19 ~~within 45 days after the end of each month on its Internet~~
20 website, a list of all the itemized expenses of employees and
21 commissioners ~~for that month~~ that were or are to be reimbursed <--
22 from the State Racing Fund. The list shall identify the nature
23 of the expense, the employee, member or the agency and employee
24 of the agency to which an expense is attributable. By October 1
25 of each year, a final report of all expenses described in this
26 subsection for the preceding fiscal year shall be posted on the
27 commission's Internet website and shall be submitted to the
28 Appropriations Committee of the Senate, the Agriculture and
29 Rural Affairs Committee of the Senate, the Appropriations
30 Committee of the House of Representatives and the Agriculture

1 and Rural Affairs Committee of the House of Representatives.
2 Information posted on the Internet website pursuant to this
3 subsection shall be financial records for the purposes of and
4 subject to redaction under the Right-to-Know Law.

5 (N) REIMBURSEMENT.--THE DEPARTMENT OF AGRICULTURE'S <--
6 PROVISION OF SHARED ADMINISTRATIVE SERVICES, SHARED STAFF AND
7 SHARED FACILITIES TO THE COMMISSION MUST BE REIMBURSED FROM THE
8 STATE RACING FUND AND SHALL BE LIMITED TO ACTUAL COSTS OF
9 PROVIDING THE SERVICES, STAFF AND FACILITIES, INCLUDING
10 SALARIES, BENEFITS AND EXPENSES OF EMPLOYEES PROVIDING THE
11 SHARED ADMINISTRATIVE SERVICES. THE DEPARTMENT OF AGRICULTURE
12 MUST RETAIN RECORDS REGARDING ADMINISTRATIVE SHARED SERVICES
13 PROVIDED TO THE COMMISSION BY A DEPARTMENT OF AGRICULTURE'S
14 EMPLOYEE.

15 Section 202-A. Additional powers of the commission.

16 The commission shall regulate horse racing at which pari-
17 mutuel wagering is conducted and approve the number of racing
18 days allocated to each licensed racing entity. In addition to
19 any other powers of the commission:

20 (1) The commission shall promulgate regulations
21 regarding medication rules as required under Chapter 3.

22 ~~(2) The commission shall require applicants under this~~ <--
23 ~~act to submit to fingerprinting and photographing by the~~
24 ~~Pennsylvania State Police or by a local law enforcement~~
25 ~~agency capable of submitting fingerprints and photographs~~
26 ~~electronically to the Pennsylvania State Police utilizing the~~
27 ~~Integrated Automated Fingerprint Identification System and~~
28 ~~the Commonwealth Photo Imaging Network or in a manner~~
29 ~~provided by the Pennsylvania State Police. The Pennsylvania~~
30 ~~State Police shall submit fingerprints to the Federal Bureau~~

~~of Investigation to verify the identity of applicants and to
obtain criminal records. The commission shall consider
information obtained pursuant to this paragraph for the
purpose of screening applicants for fitness for licensure in
accordance with the provisions of this act. National criminal
history record information received by the commission shall
be handled and maintained in accordance with Federal Bureau
of Investigation policy. Fingerprints and photographs
obtained under this paragraph may be maintained by the
commission and the Pennsylvania State Police to enforce this
act and for general law enforcement purposes. In addition to
any other fee or cost assessed by the commission, an
applicant shall pay for the cost of fingerprinting and
photographing. The commission may exempt certain categories
of employment from this paragraph.~~

(2) THE FOLLOWING SHALL APPLY:

<--

(I) THE COMMISSION SHALL REQUIRE AN APPLICANT UNDER
THIS ACT TO SUBMIT TO FINGERPRINTING FOR A REPORT OF
FEDERAL CRIMINAL HISTORY RECORD INFORMATION.

(II) THE APPLICANT MUST SUBMIT A FULL SET OF
FINGERPRINTS TO THE PENNSYLVANIA STATE POLICE OR THE
PENNSYLVANIA STATE POLICE'S AUTHORIZED AGENT FOR THE
PURPOSE OR A RECORD CHECK. THE PENNSYLVANIA STATE POLICE
OR THE PENNSYLVANIA STATE POLICE'S AUTHORIZED AGENT MUST
THEN SUBMIT THE FINGERPRINTS TO THE FEDERAL BUREAU OF
INVESTIGATION FOR THE PURPOSE OF VERIFYING THE IDENTITY
OF THE APPLICANT AND OBTAINING A CURRENT RECORD OF ANY
CRIMINAL ARRESTS AND CONVICTIONS.

(III) THE COMMISSION SHALL CONSIDER INFORMATION
OBTAINED PURSUANT TO THIS PARAGRAPH FOR THE PURPOSE OF

1 SCREENING APPLICANTS FOR FITNESS FOR LICENSURE IN
2 ACCORDANCE WITH THE PROVISIONS OF THIS ACT.

3 (IV) NATIONAL CRIMINAL HISTORY RECORD INFORMATION
4 RECEIVED BY THE COMMISSION SHALL BE HANDLED AND
5 MAINTAINED IN ACCORDANCE WITH FEDERAL BUREAU OF
6 INVESTIGATION POLICY.

7 (V) FINGERPRINTS OBTAINED UNDER THIS PARAGRAPH MAY
8 BE MAINTAINED BY THE COMMISSION AND PENNSYLVANIA STATE
9 POLICE TO ENFORCE THIS ACT AND FOR GENERAL LAW
10 ENFORCEMENT PURPOSES.

11 (VI) IN ADDITION TO ANY OTHER FEE OR COST ASSESSED
12 BY THE COMMISSION, AN APPLICANT MUST PAY FOR THE COST OF
13 THE FINGERPRINT PROCESS.

14 (VII) THE COMMISSION MAY EXEMPT APPLICANTS FOR
15 POSITIONS NOT RELATED TO THE CARE OR TRAINING OF HORSES,
16 RACING, WAGERING, SECURITY OR THE MANAGEMENT OF A
17 LICENSED RACING ENTITY, FROM THE PROVISIONS OF THIS
18 CHAPTER.

19 (3) WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS <--
20 SECTION, THE COMMISSION MUST ADOPT AND PUBLISH A
21 COMPREHENSIVE FEE SCHEDULE IN THE PENNSYLVANIA BULLETIN. Two
22 years following the effective date of this section, the
23 commission may adopt regulations to annually increase any
24 fee, charge or cost authorized under this act.

25 (4) The commission or designated employee of the
26 commission shall have the power to administer oaths and
27 examine witnesses and may issue subpoenas to compel
28 attendance of witnesses and production of all relevant and
29 material reports, books, papers, documents, correspondence
30 and other evidence related to regulation and enforcement of

1 horse racing under this act.

2 (5) The commission's consideration and resolution of all
3 license or ~~permit applications~~ OTHER REGULATORY <--
4 ADMINISTRATIVE ACTIONS shall be conducted in accordance with
5 2 Pa.C.S. (relating to administrative law and procedure) or
6 with procedures adopted by order of the commission.
7 Notwithstanding 2 Pa.C.S. §§ 504 (relating to hearing and
8 record) and 505 (relating to evidence and cross-examination),
9 the commission may adopt procedures to provide parties before
10 it with a documentary hearing and may resolve disputed
11 material facts without conducting an oral hearing where
12 constitutionally permissible.

13 (6) The commission may ~~enter into interstate compacts~~ <--
14 ~~with~~ ADOPT NATIONAL STANDARDS FROM other racing jurisdictions <--
15 OR COMMISSION-APPROVED TRADE ORGANIZATIONS to establish: <--

- 16 (i) uniform drug threshold levels;
- 17 (ii) consistent sanctions for drug testing
18 violations; and
- 19 (iii) a system to monitor advanced deposit wagering
20 and online PARI-MUTUEL wagering company activities. <--

21 (7) The commission may issue grants from the annual
22 appropriations to race horse rescue and rehabilitation
23 programs operating within this Commonwealth.

24 (8) The commission shall direct and oversee that each
25 licensed racing entity's racetrack surface is maintained in
26 such a way as to maximize the safety of the horse, jockey or
27 driver. The commission may develop guidelines to carry out
28 this paragraph AND MAY CONTRACT WITH, HIRE OR OTHERWISE <--
29 CONSULT WITH RACETRACK SURFACE EXPERTS TO CARRY OUT THE
30 PROVISIONS OF THIS SECTION.

1 Section 203-A. Budget.

2 The commission AND THE DEPARTMENT OF AGRICULTURE shall <--
3 annually submit a budget request to the Secretary of the Budget
4 in accordance with the provisions contained in section 610 of
5 the act of April 9, 1929 (P.L.177, No.175), known as The
6 Administrative Code of 1929, consisting of amounts to be
7 appropriated from the State Racing Fund, the Pennsylvania Race
8 Horse Development Fund ~~or~~ AND the General Fund to administer and <--
9 enforce this act and for the promotion of horse racing. ~~The~~ <--
10 ~~commission shall transmit a copy of its budget request~~
11 ~~concurrently to the chairman and minority chairman of the~~
12 ~~Appropriations Committee of the Senate and the chairman and~~
13 ~~minority chairman of the Appropriations Committee of the House~~
14 ~~of Representatives.~~ ANNUALLY, 1% OF THE PREVIOUS FISCAL YEAR'S <--
15 DEPOSITS INTO THE PENNSYLVANIA RACE HORSE DEVELOPMENT FUND SHALL
16 BE TRANSFERED FROM THE PENNSYLVANIA RACE HORSE DEVELOPMENT FUND
17 TO THE STATE RACING FUND TO PROVIDE FOR THE PROMOTION OF HORSE
18 RACING.

19 Section 204-A. Location.

20 After January 1, 2017, a licensed racing entity shall conduct
21 a horse race meeting at the location designated and approved by
22 the commission.

23 Section 205-A. Number of licensed racing entities.

24 (a) Standardbred horse racing.--No more than ~~six~~ FIVE <--
25 persons shall be licensed to conduct a pari-mutuel ~~meet~~ WAGER. <--
26 No person licensed under this act to conduct standardbred horse
27 racing with pari-mutuel wagering shall be licensed to conduct
28 thoroughbred horse racing with pari-mutuel wagering.

29 (b) Thoroughbred horse racing.--No more than ~~five~~ SIX <--
30 persons shall be licensed by the commission to conduct pari-

1 mutuel wagering. No person licensed under this act to conduct
2 thoroughbred horse racing with pari-mutuel wagering shall be
3 licensed to conduct standardbred horse racing with pari-mutuel
4 wagering.

5 Section 206-A. Department of Revenue.

6 The Department of Revenue shall provide financial
7 administration of pari-mutuel wagering under this act in
8 accordance with Department of Revenue regulations and
9 regulations of the commission. The Department of Revenue shall
10 prescribe the form and system of accounting to be used by
11 licensed racing entities, and may access and examine records,
12 equipment and other information relating to pari-mutuel
13 wagering.

14 Section 207-A. Allocation of racing days.

15 (a) General rule.--

16 (1) Horse racing shall be conducted consistent with 4
17 Pa.C.S. § 1303 (relating to additional Category 1 slot
18 machine license requirements).

19 (2) The provisions of this section and 4 Pa.C.S. § 1303

20 (a) (2) and (b) may be waived or modified by the commission if
21 the waiver or modification has been agreed to by the
22 horseman's organization and the licensed entity at the
23 racetrack where the racing days are to be scheduled or raced.

24 (3) The provisions of 4 Pa.C.S. § 1303(d) shall not
25 apply if the reason for noncompliance with that section by a
26 licensed racing entity is the cancellation of racing days due
27 to the commission's inability to properly regulate and
28 oversee the conduct of horse racing in this Commonwealth due
29 to inadequate funding.

30 (b) Certification.--The commission shall submit to the

1 Secretary of Revenue the approved number of racing days for each
2 licensed racing entity, including the following information:

3 (1) the names and addresses of the licensed racing
4 entity;

5 (2) the names and addresses of the owners, officers and
6 general managers of the licensed racing entity; and

7 (3) any other information the commission deems
8 appropriate.

9 (c) Cancellation.--

10 (1) If a racing day is canceled by a licensed racing
11 entity for reasons beyond the licensed racing entity's
12 control, the commission shall grant the licensed racing
13 entity the right to conduct that racing day in the same or
14 the next ensuing calendar year, if schedules permit.

15 (2) A director of a bureau established under section
16 201-A, after consultation with the licensed racing entity and
17 the horseman's organization at the racetrack, may cancel a
18 race if it is determined that fewer than six horses have
19 entered the race.

20 Section 208-A. Licenses for horse race meetings.

21 (a) Procedure and terms.--

22 (1) After January 1, 2017, a person seeking a license to
23 conduct horse race meetings at which pari-mutuel wagering is
24 permitted or seeking to renew the license, shall file an
25 application or renewal application with the commission in the
26 manner prescribed by the commission.

27 (2) A licensed racing entity shall have the privilege to
28 conduct a horse race meeting at which pari-mutuel wagering is
29 permitted. A license to conduct a horse race meeting shall
30 not be a property right AND MAY NOT BE USED AS COLLATERAL OR <--

1 BE ENCUMBERED.

2 (3) The commission may revoke or suspend the license of
3 a licensed racing entity if the commission finds that the
4 licensed racing entity, its owners, officers, managers or
5 agents, have not complied with this act and regulations
6 promulgated in accordance with this act.

7 (4) A licensed racing entity may not transfer a license
8 without the approval of the commission.

9 (b) Conditions.--Each horse racing license shall be issued
10 ~~upon~~ AND REMAIN IN EFFECT IF THE LICENSED RACING ENTITY COMPLIES <--
11 WITH EACH CONDITION, RULE AND REGULATION OF THE COMMISSION AND
12 THE PROVISIONS OF THIS ACT, INCLUDING the following conditions:

13 (1) A horse race meeting at which pari-mutuel wagering
14 is conducted shall be regulated by the commission.

15 (2) The conduct of pari-mutuel wagering shall also be
16 regulated by the Department of Revenue.

17 (3) The licensed racing entity shall print in its racing
18 programs the procedure for filing a complaint with the
19 commission.

20 (c) Applications.--Applications to conduct horse race
21 meetings shall be in the form prescribed by the commission and
22 shall contain information as the commission may require.

23 (d) Action on licenses.--The following shall apply:

24 (1) The commission shall be prohibited from issuing a
25 license to conduct horse race meeting to an individual or
26 applicant or an owner, officer, director or manager of the
27 applicant who has been convicted of:

28 (i) A felony in any jurisdiction.

29 (ii) A misdemeanor gambling offense in any
30 jurisdiction, unless 15 years has elapsed from the date

1 of conviction.

2 (iii) Fraud or misrepresentation in any jurisdiction
3 related to horse racing or horse breeding, unless 15
4 years has elapsed from the date of conviction.

5 (iv) An offense under 18 Pa.C.S. § 5511 (relating to
6 cruelty to animals).

7 (v) An offense related to fixing or rigging horse
8 races, including 18 Pa.C.S. § 4109 (relating to rigging
9 publicly exhibited contest) or 7102 (relating to
10 administering drugs to race horses), or any similar crime
11 in another jurisdiction, unless the conviction has been
12 overturned on appeal under the laws of the jurisdiction
13 of the original finding or a pardon has been issued.

14 (2) Following expiration of any period applicable to an
15 applicant under paragraph (1)(ii) or (iii), in determining
16 whether to issue a horse racing license to an applicant, the
17 commission shall consider the following factors:

18 (i) The individual or a principal of the applicant's
19 position with the applicant.

20 (ii) The nature and seriousness of the offense or
21 conduct.

22 (iii) The circumstances under which the offense or
23 conduct occurred.

24 (iv) The age of the applicant when the offense or
25 conduct occurred.

26 (v) Whether the offense or conduct was an isolated
27 or a repeated incident.

28 (vi) Any evidence of rehabilitation, including good
29 conduct in the community, counseling or psychiatric
30 treatment received and the recommendations of persons who

1 have substantial contact with the applicant.

2 (3) If, in the judgment of the commission, the applicant
3 has demonstrated by clear and convincing evidence that the
4 participation of the applicant in horse racing or related
5 activities is not:

6 (i) inconsistent with the public interest or best
7 interests of horse racing;

8 (ii) interfering with the effective regulation of
9 horse racing; or

10 (iii) creating or enhancing the danger of
11 unsuitable, unfair or illegal practices, methods or
12 activities in the conduct of horse racing.

13 (e) Denial, suspension or revocation.--The commission may
14 deny an application for a license or revoke, suspend or fail to
15 renew the license of any applicant or licensed racing entity, if
16 the commission finds by a preponderance of the evidence that:

17 (1) The applicant or licensed racing entity, or any of
18 its owners, officers, director, managers, employees or
19 agents:

20 (i) Has not complied with the conditions, rules,
21 regulations and provisions of this act and that it would
22 be in the public interest, convenience or necessity to
23 deny, revoke, suspend or not renew the license.

24 (ii) Has been convicted of a violation or attempt to
25 violate a horse racing law, rule or regulation of a horse
26 racing jurisdiction.

27 (iii) Has furnished the commission with false or
28 misleading information relating to the application or
29 license renewal.

30 (IV) HAS BEEN CONVICTED OF A CRIME INVOLVING MORAL <--

1 TURPITUDE.

2 (V) HAS BEEN CONVICTED OF A MISDEMEANOR GAMBLING
3 OFFENSE IN ANY JURISDICTION.

4 (VI) HAS BEEN CONVICTED IN ANY JURISDICTION OF FRAUD
5 OR MISREPRESENTATION RELATED TO HORSE RACING OR HORSE
6 BREEDING.

7 (2) The applicant or licensed racing entity does not
8 have the use of a racetrack or racetrack enclosure in
9 accordance with the provisions of 4 Pa.C.S. Pt. II (relating
10 to gaming).

11 (3) The licensed racing entity has commingled horsemen's
12 funds in violation of section 235-A(c) or has refused to
13 place on deposit a letter of credit under section 236-A.

14 (4) The commission determines that the licensed racing
15 entity has failed to properly maintain its racetrack and
16 racetrack enclosure in good condition pursuant to this act or
17 to provide adequate capital improvements to the racetrack and
18 racetrack enclosure as required under this act and 4 Pa.C.S.
19 § 1404 (relating to distributions from licensee's revenue
20 receipts).

21 (5) The licensee has been convicted in any jurisdiction
22 of an offense related to fixing or rigging horse races,
23 including 18 Pa.C.S. § 4109 or 7102, or any similar crime in
24 another jurisdiction, unless the conviction has been
25 overturned on appeal under the laws of the jurisdiction of
26 the original finding or a pardon has been issued.

27 (f) Cessation.--If a revocation or failure to renew a
28 license under subsection (e) occurs, the licensee's
29 authorization to conduct previously approved activity shall
30 immediately cease, SUBJECT TO 2 PA.C.S. (RELATING TO

<--

1 ADMINISTRATIVE LAW AND PROCEDURE). In the case of a suspension,
2 the licensee's authorization to conduct previously approved
3 activity shall immediately cease until the commission has
4 notified the licensee that the suspension is no longer in
5 effect. AFTER REQUEST FOR A HEARING BY A LICENSEE, THE <--
6 COMMISSION MAY GRANT A SUPERSEDEAS, PENDING THE FINAL
7 DETERMINATION OF THE SUSPENSION.

8 (g) Renewal.--A HORSE RACING license shall be renewed every <--
9 three years UPON APPLICATION and, except as provided for under <--
10 subsection (a)(4), shall not be transferred.

11 (h) Conditional licenses.--Pending a final determination
12 under this section, the commission may issue a conditional
13 license upon the terms and conditions as are necessary to
14 effectuate the provisions of this act.

15 (i) Compliance.--Nothing in this section shall be construed
16 to relieve a licensed racing entity of its duty to comply with
17 the requirements of 4 Pa.C.S. Pt. II.
18 Section 209-A. Code of conduct.

19 (a) Scope.--The commission ~~shall~~ MAY adopt a comprehensive <--
20 code of conduct ~~prior to the consideration of any license,~~ <--
21 ~~permit or registration application. The code of conduct shall~~
22 ~~supplement all other requirements under this part and 65 Pa.C.S.~~
23 ~~Pt. II (relating to accountability) and shall provide guidelines~~
24 ~~applicable to commissioners, employees of the commission,~~
25 ~~independent contractors and the immediate family of the~~
26 ~~commissioners, employees and independent contractors to enable~~
27 ~~them to avoid any perceived or actual conflict of interest and~~
28 ~~to promote public confidence in the integrity and impartiality~~
29 ~~of the commission. At a minimum, the code of conduct adopted~~ <--
30 ~~under this section shall include registration of licensed entity~~

1 ~~representatives under subsection (b) and the restrictions under~~
2 ~~subsections (c) and (d).~~

3 ~~(b) Registration.--(B) LICENSED RACING ENTITY~~ <--
4 ~~REPRESENTATIVE.--~~

5 (1) A licensed RACING entity representative shall <--
6 register with the commission in a manner prescribed by the
7 commission, which shall include the name, employer or firm,
8 business address and business telephone number of both the
9 licensed RACING entity representative and any licensed racing <--
10 entity, applicant for licensure or other person being
11 represented.

12 (2) A licensed RACING entity representative shall have <--
13 an affirmative duty to update its registration information on
14 an ongoing basis, and failure to do so shall be punishable by
15 the commission.

16 (3) The commission shall maintain a registration list
17 which shall contain the information required under paragraph
18 (1) and which shall be available for public inspection at the
19 offices of the commission and on the commission's publicly
20 accessible Internet website.

21 (c) Restrictions.--In addition to the other prohibitions
22 contained in this chapter, a commissioner shall:

23 (1) Not accept any discount, gift, gratuity,
24 compensation, travel, lodging or other thing of value,
25 directly or indirectly, from any applicant, licensed racing
26 entity, affiliate, subsidiary or intermediary of an applicant
27 or a licensed racing entity, permittee, registrant or <--
28 licensed entity representative OTHER LICENSEE.

29 (2) Disclose a conflict of interest and recuse himself
30 from any hearing or other proceeding in which the

1 commissioner's objectivity, impartiality, integrity or
2 independence of judgment may be reasonably questioned due to
3 the commissioner's relationship or association with a party
4 connected to any hearing or proceeding or a person appearing
5 before the commission.

6 (3) Refrain from any financial or business dealing which
7 would tend to reflect adversely on the commissioner's
8 objectivity, impartiality or independence of judgment.

9 (4) ~~Not~~ EXCEPT FOR COMMISSIONERS APPOINTED UNDER SECTION <--
10 201-A(B) (3) AND (4), NOT hold or campaign for public office,
11 hold an office in any political party or political committee,
12 as defined in 4 Pa.C.S. § 1513(d) (relating to political
13 influence), contribute to or solicit contributions to a
14 political campaign, political party, political committee or
15 candidate, publicly endorse a candidate or actively
16 participate in a political campaign.

17 (5) Avoid impropriety and the appearance of impropriety
18 at all times and observe standards and conduct that promote
19 public confidence in the oversight of horse racing.

20 (6) Comply with any other laws, rules or regulations
21 relating to the conduct of a commissioner.

22 (d) Ex parte communications.--

23 (1) A commissioner may not engage in any ex parte
24 communication with any person.

25 (2) If a commissioner received or engaged in an ex parte
26 communication, a commissioner ~~or hearing officer~~ shall inform <--
27 the director of the appropriate bureau who shall notify all
28 parties directly affected by the anticipated vote or action
29 of the commissioner ~~or hearing officer~~ related to the ex <--
30 parte communication of the substance of the communication and

1 provide the parties with an opportunity to respond.

2 (3) A commissioner who engaged in or received an ex
3 parte communication shall disqualify himself from the hearing
4 or proceeding related to the ex parte communication if the
5 context and substance of the communication creates
6 substantial reasonable doubt as to a commissioner's ~~or~~ <--
7 hearing officer's ability to act objectively, independently
8 or impartially.

9 (4) A commissioner who engaged in or received an ex
10 parte communication and elects not to disqualify himself from
11 the hearing or proceeding shall state the reasons for not
12 disqualifying himself on the record prior to the commencement
13 of the hearing or proceeding.

14 (5) If a commissioner disqualifies himself under this
15 subsection, a supermajority vote under this act shall consist
16 of the remaining commissioners.

17 (6) Failure of a commissioner who received or engaged in
18 an ex parte communication to disqualify himself under this
19 subsection shall be grounds for appeal to a court of
20 competent jurisdiction if the commission action being
21 appealed could not have occurred without the participation of
22 the commissioner.

23 (7) This subsection shall not preclude a commissioner
24 from consulting with other commissioners individually if the
25 consultation complies with 65 Pa.C.S. Ch. 7 (relating to open
26 meetings) or with commission employees or independent
27 contractors whose functions are to assist the commission in
28 carrying out its adjudicative functions.

29 Section 210-A. Financial and employment interests. <--

30 No DIRECTOR, owner, officer, manager or employee of an <--

1 applicant or licensed racing entity or their immediate family
2 shall accept gifts from breeders, owners, trainers or other
3 individuals who participate in the conduct of horse racing in
4 this Commonwealth.

5 Section 211-A. Officials at horse race meetings.

6 ~~The commission shall approve and assign all qualified judges <--~~
7 ~~and starters for horse race meetings. For standardbred horse~~
8 ~~race meetings, no person shall be approved or assigned as a~~
9 ~~judge or starter unless the person is licensed by the United~~
10 ~~States Trotting Association as a duly qualified pari mutuel race~~
11 ~~meeting official. All officials shall enforce the law and shall~~
12 ~~provide written reports of the activities and conduct of horse~~
13 ~~race meetings to the commission. The compensation of these~~
14 ~~officials shall be paid by the commission and reimbursed by the~~
15 ~~licensed racing entities.~~

16 Section 212 A. (Reserved).

17 (A) RACETRACK RACING OFFICIAL.--THE COMMISSION SHALL APPROVE <--
18 EACH RACETRACK EMPLOYEE WHOSE DUTIES INCLUDE THE ENFORCEMENT OF
19 PARI-MUTUEL RACING ACTIVITIES WHICH DIRECTLY OR INDIRECTLY
20 AFFECT THE RACING PRODUCT. COMPENSATION FOR AN OFFICIAL UNDER
21 THIS SUBSECTION SHALL BE PAID BY THE LICENSED RACING ENTITY.

22 (B) COMMISSION RACING OFFICIAL.--THE COMMISSION SHALL EMPLOY
23 INDIVIDUALS WHO SHALL BE DESIGNATED AS COMMISSION RACING
24 OFFICIALS AND WHOSE DUTIES SHALL INCLUDE THE OVERSIGHT AND
25 ENFORCEMENT OF THIS ACT, REGULATIONS AND COMMISSION POLICIES
26 RELATED TO PRERACE ACTIVITIES, THE CONDUCT OF LIVE RACING AND
27 PARI-MUTUEL WAGERING. THE COMMISSION, BY REGULATION, SHALL
28 ESTABLISH THE DUTIES AND RESPONSIBILITIES FOR A COMMISSION
29 RACING OFFICIAL. THE COST FOR AND COMPENSATION OF A COMMISSION
30 RACING OFFICIAL SHALL BE PAID BY THE COMMISSION.

1 SECTION 212-A. SECONDARY PARI-MUTUEL ORGANIZATION.

2 (A) REQUIREMENTS.--THE FOLLOWING SHALL APPLY TO A SECONDARY
3 PARI-MUTUEL ORGANIZATION:

4 (1) A SECONDARY PARI-MUTUEL ORGANIZATION OFFERING AND
5 ACCEPTING PARI-MUTUEL WAGERS WITHIN THIS COMMONWEALTH MUST BE
6 PROPERLY LICENSED BY THE COMMISSION. EACH SECONDARY PARI-
7 MUTUEL ORGANIZATION EMPLOYEE DIRECTLY OR INDIRECTLY
8 RESPONSIBLE FOR THE ACCEPTANCE OF WAGERS ON HORSE RACES OR
9 THE TRANSMITTAL OF WAGERING INFORMATION TO AND FROM THE
10 COMMONWEALTH MUST BE PROPERLY LICENSED.

11 (2) A SECONDARY PARI-MUTUEL ORGANIZATION MUST COMPLY
12 WITH EACH RULE AND REGULATION OF THE COMMISSION.

13 (3) AS A CONDITION OF LICENSING AND ANNUAL LICENSE
14 RENEWAL, A LICENSE APPLICATION OF A SECONDARY PARI-MUTUEL
15 ORGANIZATION MUST INCLUDE ALL OF THE FOLLOWING:

16 (I) DISCLOSURE OF EACH OFFICER, DIRECTOR, PARTNER
17 AND SHARE HOLDER WITH A 5% OR GREATER SHARE OF OWNERSHIP
18 OR BENEFICIAL INTEREST.

19 (II) A LIST OF PERSONNEL ASSIGNED TO WORK IN THIS
20 COMMONWEALTH.

21 (III) CERTIFICATION OF COMPLIANCE WITH TOTALISATOR
22 STANDARDS AND LICENSING REQUIREMENTS ADOPTED BY THE
23 COMMISSION.

24 (IV) A TYPE II SAS 70 REPORT, OR OTHER INDEPENDENT
25 REPORT IN A FORM ACCEPTABLE TO THE COMMISSION, COMPLETED
26 WITHIN THE PRECEDING 12 MONTHS, TO ASSURE ADEQUATE
27 FINANCIAL CONTROLS ARE IN PLACE IN THE SECONDARY PARI-
28 MUTUEL ORGANIZATION.

29 (V) AN AGREEMENT TO ALLOW THE COMMISSION TO INSPECT
30 AND MONITOR EACH FACILITY USED BY THE SECONDARY PARI-

1 MUTUEL ORGANIZATION FOR ACCEPTING, RECORDING OR
2 PROCESSING PARI-MUTUEL WAGERS ACCEPTED IN THIS
3 COMMONWEALTH.

4 (VI) CERTIFICATION OF THE USE OF A PARI-MUTUEL
5 SYSTEM WHICH MEETS ALL REQUIREMENTS FOR A PARI-MUTUEL
6 SYSTEM UTILIZED BY A LICENSED RACING ENTITY IN THIS
7 COMMONWEALTH.

8 (4) FITNESS AND EXPERIENCE OF A SECONDARY PARI-MUTUEL
9 ORGANIZATION MUST BE CONSISTENT WITH THE PUBLIC INTEREST,
10 CONVENIENCE AND NECESSITY AND THE BEST INTERESTS OF RACING
11 GENERALLY, INCLUDING, BUT NOT LIMITED TO, ALL OF THE
12 FOLLOWING:

13 (I) MEETING GENERAL INDUSTRY STANDARDS FOR BUSINESS
14 AND FINANCIAL PRACTICES, PROCEDURES AND CONTROLS.

15 (II) POSSESSION OF A WAGERING SYSTEM THAT ENSURES
16 THAT ALL WAGERING INFORMATION IS TRANSMITTED TO AND
17 CALCULATED IN THE APPROPRIATE HOST TRACK POOL.

18 (III) UTILIZATION OF A TOTALISATOR SYSTEM THAT MEETS
19 WAGERING-INDUSTRY STANDARDS AND CERTIFICATION CRITERIA.

20 (IV) MEETING GENERAL INDUSTRY STANDARDS FOR PHYSICAL
21 SECURITY OF COMPUTERIZED WAGERING SYSTEMS, BUSINESS
22 RECORDS, FACILITIES AND PATRONS.

23 (V) HAVING NO INDICATIONS OF IMPROPER MANIPULATION
24 OF A SECONDARY PARI-MUTUEL ORGANIZATION'S WAGERING
25 SYSTEM, INCLUDING SOFTWARE.

26 (VI) HAVING POLICIES AND PROCEDURES THAT ENSURE A
27 SECONDARY PARI-MUTUEL ORGANIZATION'S KEY INDIVIDUALS HAVE
28 APPLIED AND ARE ELIGIBLE FOR ALL REQUIRED OCCUPATIONAL
29 LICENSES.

30 (VII) HAVING AN ANNUAL INDEPENDENT AUDIT WITH NO

1 AUDIT OPINION QUALIFICATIONS THAT REFLECT ADVERSELY ON
2 INTEGRITY.

3 (VIII) HAVING A SYSTEM THAT VERIFIES THE IDENTITY OF
4 EACH PERSON PLACING A WAGER AND REQUIRES THE PERSON
5 PLACING A WAGER TO DISCLOSE EACH BENEFICIAL INTEREST IN A
6 WAGER THE SECONDARY PARI-MUTUEL ORGANIZATION ACCEPTS.

7 (IX) HAVING A REAL-TIME INDEPENDENT MONITORING
8 SYSTEM TO MONITOR WAGERING ACTIVITY TO DETECT SUSPICIOUS
9 PATTERNS INCLUDING ANY THAT MIGHT INDICATE CRIMINAL
10 ACTIVITY OR REGULATORY VIOLATIONS. THE SYSTEM MUST VERIFY
11 EACH TRANSACTION PERFORMED BY THE TOTALISATOR SYSTEM AND
12 PROVIDE EXPEDITIOUS NOTICE OF ANY DISCREPANCIES OR
13 SUSPICIOUS ACTIVITY TO THE HOST TRACK, WAGERING SITE, DUE
14 DILIGENCE INVESTIGATING BODY AND ANY AFFECTED REGULATORY
15 AGENCY.

16 (X) HAVING A SATISFACTORY RECORD OF CUSTOMER
17 RELATIONS, INCLUDING NO EXCESSIVE UNRESOLVED PATRON
18 COMPLAINTS CONCERNING THE SECONDARY PARI-MUTUEL
19 ORGANIZATION'S BUSINESS PRACTICES.

20 (XI) HOLDING REQUIRED PERMITS, LICENSES,
21 CERTIFICATIONS OR SIMILAR DOCUMENTS THAT MAY BE REQUIRED
22 BY A RACING, GAMING OR OTHER PARI-MUTUEL WAGERING
23 JURISDICTION.

24 (XII) HAVING SUFFICIENT MEASURES TO PROTECT CUSTOMER
25 FUNDS.

26 (XIII) PUBLICIZING AND PROVIDING A SUFFICIENT
27 PROGRAM FOR CUSTOMER SELF-EXCLUSION AND WAGERING
28 LIMITATION.

29 (XIV) HAVING EXPERTISE IN PARI-MUTUEL WAGERING AND
30 BEING TECHNOLOGICALLY CAPABLE OF PARTICIPATING IN

1 SIMULCAST AND WAGERING ACTIVITIES.

2 (5) FINANCIAL RESPONSIBILITY OF A SECONDARY PARI-MUTUEL
3 ORGANIZATION MUST BE CONSISTENT WITH THE PUBLIC INTEREST,
4 CONVENIENCE AND NECESSITY AND THE BEST INTERESTS OF RACING
5 GENERALLY, INCLUDING ALL OF THE FOLLOWING:

6 (I) THE SECONDARY PARI-MUTUEL ORGANIZATION AND THE
7 SECONDARY PARI-MUTUEL ORGANIZATION'S KEY INDIVIDUALS MAY
8 NOT BE IN DEFAULT OR HAVE A HISTORY OF DEFAULTING IN THE
9 PAYMENT OF AN FINANCIAL OBLIGATION, INCLUDING THE PAYMENT
10 OF TAXES DUE TO A TAXING JURISDICTION OR ON THE PAYMENT
11 OF GAMING, WAGERING OR PARI-MUTUEL RACING-RELATED
12 FINANCIAL OBLIGATIONS. A SECONDARY PARI-MUTUEL
13 ORGANIZATION'S KEY INDIVIDUALS MAY NOT BE FOUR OR MORE
14 MONTHS IN ARREARS FOR CHILD SUPPORT THAT IS ORDERED OR
15 APPROVED BY A COURT IN ANY JURISDICTION WITHIN THE UNITED
16 STATES.

17 (II) THE SECONDARY PARI-MUTUEL ORGANIZATION AND THE
18 SECONDARY PARI-MUTUEL ORGANIZATION'S OWNERS AND SOURCES
19 OF FUNDS MUST HAVE SUFFICIENT FINANCIAL MEANS TO
20 PARTICIPATE IN SIMULCAST AND WAGERING ACTIVITIES,
21 INCLUDING SUFFICIENT ASSETS AND MEANS TO PAY INDUSTRY-
22 RELATED DEBTS AND OBLIGATIONS AND TO FUND THE OPERATIONS
23 OF THE SECONDARY PARI-MUTUEL ORGANIZATION.

24 (6) THE SECONDARY PARI-MUTUEL ORGANIZATION MUST BE FULLY
25 COOPERATIVE AND ACT IN GOOD FAITH WITH ALL DISCLOSURE AND
26 OTHER DUTIES INVOLVED IN A DUE DILIGENCE INVESTIGATION,
27 VOLUNTARILY SUBMIT TO REGULATORY AND INVESTIGATING BODY
28 OVERSIGHT, PERMIT INSPECTION OF EACH BUSINESS RECORD UPON
29 REQUEST BY A REGULATORY AUTHORITY OR INVESTIGATING BODY,
30 PROMPTLY HONOR REGULATORY OR INVESTIGATING BODY REQUESTS FOR

1 WAGERING PATTERNS OR OTHER INFORMATION AND, AFTER REASONABLE
2 NOTICE, PERMIT FULL ACCESS TO EACH FACILITY AND PROPERTY BY A
3 REGULATORY AUTHORITY OR INVESTIGATING BODY.

4 (B) WAIVER.--

5 (1) A DUE DILIGENCE INVESTIGATION MAY RELY ON AN
6 INVESTIGATION AND OVERSIGHT CONDUCTED BY A COMMISSION-
7 APPROVED ENTITY.

8 (2) THE COMMISSION MAY NOT CONSENT TO THE ACCEPTANCE OF
9 AN INTERSTATE OFF-TRACK WAGER BY A SECONDARY PARI-MUTUEL
10 ORGANIZATION THAT HAS NOT BEEN DETERMINED TO BE SUITABLE
11 UNDER THIS SECTION.

12 Section 213-A. Occupational licenses for individuals.

13 (a) General rule.--The commission shall develop a licensing,
14 permitting or other classification system for the regulation of
15 vendors, trainers, jockeys, drivers, horseman's organizations, <--
16 horse owners, backside area employees and other individuals
17 participating in horse racing and all other persons required to
18 be licensed or permitted as determined by the commission. The
19 license shall not be a property right.

20 (b) Fee.--The commission shall fix and may establish classes
21 for application fees to be paid by individuals. A license or
22 permit fee shall not exceed \$500. All fees shall be paid to the
23 commission and deposited into the State Racing Fund.

24 (c) Application.--The application for a license or permit
25 shall be in the form and contain the information as the
26 commission may require.

27 (d) Renewal.--All licenses shall be subject to renewal every
28 three years UPON APPLICATION AND REVIEW. Nothing in this act <--
29 shall be construed to relieve a licensee of the affirmative duty
30 to notify the commission of any changes relating to the status

1 of its license or to any other information contained in the
2 application materials on file with the commission. The
3 application for renewal shall be submitted at least 60 days
4 prior to expiration of the license and shall include an update
5 of the information contained in the initial application and any
6 prior renewal applications and the payment of any renewal fee
7 required by the commission. A license for which a completed
8 renewal application and fee, if required, has been received by
9 the commission shall continue in effect unless and until the
10 commission sends written notification to the holder of the
11 license that the commission has denied the renewal of the
12 license.

13 (e) Licenses.--The commission may issue ~~one~~ ANY of the <--
14 following:

15 (1) A temporary license for four months within a 12-
16 month period pending a final determination.

17 (2) A conditional license upon the terms and conditions
18 as necessary to administer this act.

19 (f) Processing and issuance.--The commission shall adopt
20 regulations to fix the manner by which licenses are processed
21 and issued.

22 (g) Action on applications.--The following shall apply:

23 (1) The commission may not issue a license ~~or permit~~ <--
24 under this section to an individual who has been convicted in
25 a jurisdiction of a felony offense, a misdemeanor gambling
26 offense or a fraud or misrepresentation in connection with
27 horse racing or breeding, unless 15 years has passed from the
28 date of conviction of the offense.

29 (2) Following expiration of a period applicable to an
30 applicant under paragraph (1), in determining whether to

1 issue a license or permit to an applicant, the commission
2 shall consider the following factors:

3 (i) The nature of the applicant's involvement with
4 horse racing.

5 (ii) The nature and seriousness of the offense or
6 conduct.

7 (iii) The circumstances under which the offense or
8 conduct occurred.

9 (iv) The age of the applicant when the offense or
10 conduct occurred.

11 (v) Whether the offense or conduct was an isolated
12 or a repeated incident.

13 (vi) Any evidence of rehabilitation, including good
14 conduct in the community, counseling or psychiatric
15 treatment received and the recommendations of persons who
16 have substantial contact with the applicant.

17 (g.1) Denial.--The commission may deny an application for a
18 license or permit or suspend, revoke or refuse to renew a
19 license or permit issued under this section if it determines
20 that the applicant, licensee or permittee meets any of the
21 following:

22 (1) (Reserved).

23 (2) Has been convicted of any violation or attempts to
24 violate any law, rule or regulation of horse racing in any
25 jurisdiction.

26 (3) Has been convicted of an offense under 18 Pa.C.S. §
27 5511 (relating to cruelty to animals).

28 (4) Has violated a rule, regulation or order of the
29 commission.

30 (5) Has been convicted in any jurisdiction of an offense

1 related to fixing or rigging horse races, including 18
2 Pa.C.S. §§ 4109 (relating to rigging publicly exhibited
3 contest) 7102 (relating to administering drugs to race
4 horses), or any similar crime in any other jurisdiction,
5 unless the conviction has been overturned on appeal under the
6 laws of the jurisdiction of the original finding or a pardon
7 has been issued.

8 (6) Has not demonstrated by clear and convincing
9 evidence that the applicant or licensee:

10 (i) Is a person of good character, honesty and
11 integrity.

12 (ii) Is a person whose prior activities, criminal
13 record, if any, reputation, habits and associations:

14 (A) Do not pose a threat to the public interest
15 or the effective regulation and control of horse
16 racing.

17 (B) Do not create or enhance the danger of
18 unsuitable, unfair or illegal practices, methods and
19 activities in the conduct of horse racing or the
20 carrying on of the business and financial
21 arrangements incidental to the conduct of horse
22 racing.

23 (h) Inspection.--The commission shall have the right to
24 inspect all contracts ~~between~~ DIRECTLY AFFECTING THE
25 ADMINISTRATION OF THE RACING PRODUCT AND WAGERING ACTIVITIES
26 BETWEEN A SECONDARY PARI-MUTUEL ORGANIZATION, licensed racing
27 entities and vendors for goods and services. The commission
28 shall adopt regulations to require vendors to disclose all
29 principal owners and officers and a description of their
30 interests in the vendors' businesses. Failure to disclose this

<--

1 information shall constitute grounds to deny, to revoke or to
2 suspend any vendor's license issued under this act.

3 (i) Revocation or failure to renew.--In the event of a
4 revocation or failure to renew, the applicant's LICENSEE'S <--
5 authorization to conduct previously approved activity shall
6 immediately cease and all fees paid in connection therewith
7 shall be deemed to be forfeited. In the event of a suspension,
8 the applicant's authorization to conduct the previously approved
9 activity shall immediately cease until the commission has
10 notified the applicant that the suspension is no longer in
11 effect.

12 (j) Hearings.--The commission may suspend a license under
13 subsection (i) pending a hearing on the matter, which must occur
14 within 10 days of the suspension. The commission or its director
15 may grant a supersedeas, if requested, pending a final
16 resolution of the matter.

17 (k) Reciprocity. The commission shall not grant licenses to <--
18 residents of states that prohibit the grant of licenses to
19 residents of this Commonwealth on the basis of in state
20 preference. (RESERVED). <--

21 (l) Criminal action.--

22 (1) Each district attorney shall have authority to
23 investigate and to institute criminal proceedings for a
24 violation of this act.

25 (2) In addition to the authority conferred upon the
26 Attorney General under the act of October 15, 1980 (P.L.950,
27 No.164), known as the Commonwealth Attorneys Act, the
28 Attorney General shall have the authority to investigate and,
29 following consultation with the appropriate district
30 attorney, to institute criminal proceedings for a violation

1 of this act. A person charged with a violation of this act by
2 the Attorney General shall not have standing to challenge the
3 authority of the Attorney General to investigate or prosecute
4 the case, and, if any such challenge is made, the challenge
5 shall be dismissed and no relief shall be available in the
6 courts of this Commonwealth to the person making the
7 challenge.

8 (m) Regulatory action.--Nothing contained in subsection (l)
9 shall be construed to limit the existing regulatory or
10 investigative authority of an agency or the Commonwealth whose
11 functions relate to persons or matters within the scope of this
12 part.

13 (n) Inspection, seizure and warrants ON RACETRACK
14 ENCLOSURES.--

<--

15 (1) The commission, the Attorney General and the
16 Pennsylvania State Police shall have the authority without
17 notice and without warrant to do all of the following in the
18 performance of their duties:

19 (i) Inspect and examine all premises where horse
20 racing is conducted, or where records of these activities
21 are prepared or maintained.

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

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

27 (iv) Inspect, examine and audit all books, records
28 and documents pertaining to a licensee's operation.

29 (v) Seize, impound or assume physical control of any
30 book, record, ledger or device.

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

4 ~~(3) To further effectuate the purposes of this chapter, <--~~
5 ~~the commission and the Pennsylvania State Police may obtain~~
6 ~~administrative warrants for the inspection and seizure of~~
7 ~~property possessed, controlled, bailed or otherwise held by~~
8 ~~an applicant, licensee, permittee, intermediary, subsidiary,~~
9 ~~affiliate or holding company.~~

10 Section 214-A. Providers.

11 Beginning at the renewal of an existing contract or execution
12 of a new contract, a person that provides totalisator services
13 to a licensed racing entity located in this Commonwealth shall
14 be licensed by the commission and remit an annual license fee
15 not to exceed \$100,000. The license fee shall be deposited in
16 the State Racing Fund. The provider shall submit information on
17 operating systems and procedures as required by the commission.

18 Section 215-A. Power of commission to impose fines.

19 (a) General rule.--The commission may impose administrative
20 finances upon any licensed or unlicensed racing entity, association
21 or person participating in horse racing at which pari-mutuel
22 wagering is conducted, other than as a patron, for a violation
23 of any provision of this act or rule or regulation of the
24 commission, not exceeding ~~\$100,000~~ \$10,000 for each violation. <--
25 Each day may be considered a separate violation. Fines shall be
26 deposited in the State Racing Fund and may be appropriated for
27 the enforcement of this act.

28 (b) Interests.--

29 (1) No owner, officer or employee of a licensed racing
30 entity or their immediate family shall have any direct or

1 indirect interest in a race horse that is participating in a
2 horse race meeting at which the person or relative listed
3 under this paragraph holds any interest in the licensed
4 racing entity conducting the horse race meeting or in the
5 racetrack facility.

6 (2) The commission ~~shall~~ MAY impose a fine upon any <--
7 person for a violation of this subsection in accordance with
8 subsection (a).

9 Section 216-A. Admission to racetrack.

10 (a) Power of licensed racing entity.--Except as provided in
11 subsection (b), a licensed racing entity may refuse admission to
12 and eject from the racetrack enclosure operated by the licensed
13 racing entity, any person licensed by the commission under this
14 act and employed at an occupation at the racetrack if the
15 person's presence is deemed detrimental to the best interests of
16 horse racing and after citing the reasons for the determination

17 IN WRITING. The action of the licensed racing entity, ~~if~~ <--
18 refusing the person admission to or ejecting the person from a
19 race meeting ground or racetrack enclosure, shall have immediate <--
20 effect UNLESS A SUPERSEDEAS HAS BEEN GRANTED BY THE BUREAU <--
21 DIRECTOR. The person refused admission or ejected shall receive
22 a hearing before the commission, if requested, pursuant to rules
23 and regulations adopted for that purpose by the commission and a
24 decision rendered following that hearing.

25 (b) Admission.--A licensed racing entity may not refuse
26 admission to or eject a law enforcement official, commission
27 member or employee or employee of the Department of Revenue
28 while the official is engaged in the performance of the
29 individual's official duties.

30 Section 217-A. Security personnel.

1 (a) General rule.--The commission shall require licensed
2 racing entities to employ persons as security AS DETERMINED BY <--
3 THE COMMISSION. Designated security personnel:

4 (1) Shall refer possible violations of the criminal laws
5 of this Commonwealth within the racetrack or enclosure to law
6 enforcement AGENCIES. <--

7 ~~(2) May interrogate, eject or exclude from the racetrack~~ <--
8 ~~or enclosure any persons suspected of violating a rule or~~
9 ~~regulation promulgated by the commission in accordance with~~
10 ~~section 216 A, or any person whose presence this is, in the~~
11 ~~judgment of the licensed racing entity, inconsistent with~~
12 ~~orderly or proper conduct of a horse race meeting or whose~~
13 ~~presence or conduct is deemed detrimental to the best~~
14 ~~interests of horse racing.~~

15 ~~(3) (2) May not interrogate, eject or exclude from the~~ <--
16 ~~racetrack or enclosure any person because of the race, creed,~~
17 ~~color, sex, sexual orientation, national origin or religion~~
18 ~~of that person.~~

19 (b) Penalty.--An individual found within a racetrack or
20 enclosure after having been ejected therefrom shall, upon
21 conviction, be guilty of a summary offense and be sentenced to
22 pay a fine of not more than \$500.

23 Section 218.1-A. Interstate simulcasting. <--

24 ~~The commission may approve the application of a licensed~~
25 ~~racing entity to electronically televise simulcasts of horse~~
26 ~~races to be operated by the licensed racing entity at the~~
27 ~~racetrack enclosure where a horse race is being conducted~~
28 ~~during, between, before or after posted races for that racing~~
29 ~~day. Each simulcast of horse races from outside this~~
30 ~~Commonwealth shall comply with the Interstate Horseracing Act of~~

1 ~~1978 (Public Law 95-515, 15 U.S.C. § 3001 et seq.). All forms of~~
2 ~~pari-mutuel wagering under section 221-A shall be allowed on~~
3 ~~horse races to be televised by simulcasting. The commission~~
4 ~~shall promulgate regulations regarding the wagering and the~~
5 ~~operation of interstate simulcasting of horse racing. All money~~
6 ~~wagered on horse races shall be computed in the amount of money~~
7 ~~wagered each racing day for purposes of taxation under section~~
8 ~~224-A. (RESERVED).~~ <--

9 ~~Section 219-A. Televised simulcastings~~ INTERSTATE SIMULCASTING. <--

10 (a) ~~Host licensees.--THE COMMISSION MAY APPROVE THE~~ <--
11 ~~APPLICATION OF A LICENSED RACING ENTITY OR SECONDARY PARI-MUTUEL~~
12 ~~ORGANIZATION TO ELECTRONICALLY SIMULCAST HORSE RACES TO AND FROM~~
13 ~~THIS COMMONWEALTH. Upon request by a licensed racing entity OR~~ <--
14 ~~SECONDARY PARI-MUTUEL ORGANIZATION, the commission may designate~~
15 ~~the entity as a host licensee, authorized to maintain common~~
16 ~~pari-mutuel pools on international and interstate races~~
17 ~~transmitted to and from the racetrack enclosures within this~~
18 ~~Commonwealth. All simulcasts of horse races shall comply with~~
19 ~~the provisions of the Interstate Horseracing Act of 1978 (Public~~
20 ~~Law 95-515, 15 U.S.C. § 3001 et seq.) and the laws of each state~~
21 ~~involved, placed or transmitted by an individual in one state~~
22 ~~via telephone, Internet or other electronic media and accepted~~
23 ~~and maintained in common pari-mutuel pools. The designation as a~~
24 ~~host licensee for international and interstate simulcast races~~
25 ~~shall be limited to licensed racing entities which comply with 4~~
26 ~~Pa.C.S. § 1303(d) (relating to additional Category 1 slot~~
27 ~~machine license requirements).~~

28 (b) ~~Simulcasts.--The following apply:~~

29 (1) ~~Cross simulcasting of the races described in~~
30 ~~subsection (a) shall be permitted if all amounts wagered on~~

1 the races in this Commonwealth are included in common pari-
2 mutuel pools. A host licensee seeking permission to cross
3 simulcast must obtain approval from the commission.

4 (2) ~~Forms~~ ALL FORMS of pari-mutuel wagering shall be <--
5 allowed on horse races ~~to be televised by simulcasting~~ <--
6 SIMULCASTED. The commission may permit pari-mutuel pools in <--
7 this Commonwealth to be combined with pari-mutuel pools
8 created under the laws of another jurisdiction and may permit
9 pari-mutuel pools created under the laws of another
10 jurisdiction to be combined with pari-mutuel pools in this
11 Commonwealth. The commission shall promulgate regulations
12 necessary to regulate wagering on televised simulcasts.

13 (c) Taxation.--Money wagered by patrons in this Commonwealth
14 on horse races shall be computed by the amount of money wagered
15 each racing day for purposes of taxation under section 224-A.
16 Thoroughbred races shall be considered a part of a thoroughbred
17 horse race meeting and standardbred horse races shall be
18 considered a part of a standardbred horse race meeting.
19 Section 220-A. Place and manner of conducting pari-mutuel
20 wagering AT RACETRACK ENCLOSURE. <--

21 (a) Wagering location.--A licensed racing entity shall
22 provide a location during a horse race meeting within the
23 racetrack enclosure where the licensed racing entity shall
24 operate the pari-mutuel system of wagering by its patrons on the
25 results of horse races held at the racetrack or televised to the
26 racetrack enclosure by simulcasting under section 219-A. The
27 licensed racing entity shall erect a sign or board compatible
28 with the totalisator systems which shall display all of the
29 following:

30 (1) The approximate straight odds on each horse in any

1 race.

2 (2) The value of a winning mutuel ticket, straight,
3 place or show on the first three horses in the race.

4 (3) The elapsed time of the race.

5 (4) The value of a winning daily double ticket, if a
6 daily double is conducted, and any other information that the
7 commission deems necessary to inform the general public.

8 (b) Equipment.--The commission may test and examine the
9 equipment to be used for the display of the information under
10 subsection (a).

11 (c) Electronic wagering. ~~A WAGERING SYSTEM.~~--IN ADDITION TO <--
12 OTHER FORMS OF LIVE WAGERING, INCLUDING CASH AT A WINDOW TELLER,
13 A licensed racing entity may operate AN electronic wagering <--
14 SYSTEM on horse racing in accordance with all of the following: <--

15 (1) Messages to place wagers shall be to a place within
16 the racetrack enclosure.

17 (2) Money used to place wagers under this subsection
18 shall be on deposit in an amount sufficient to cover the
19 wager at the racetrack where the account is opened.

20 (3) A LICENSE FEE MAY NOT BE IMPOSED ON A LICENSED <--
21 RACING ENTITY IN CONJUNCTION WITH THE ABILITY TO OPERATE
22 ELECTRONIC WAGERING.

23 The commission may promulgate regulations necessary to regulate
24 electronic wagering for horse racing.

25 (d) Taxation.--Money wagered as a result of electronic
26 wagering shall be included in the amount wagered each racing day
27 for purposes of taxation under section 224-A and shall be
28 included in the same pari-mutuel pools for each posted race.

29 Electronic wagering SYSTEMS shall be operated by the licensed <--
30 racing entity, SECONDARY PARI-MUTUEL ORGANIZATION or by a duly <--

1 licensed vendor.

2 ~~(e) Conditions.~~ <--

3 ~~(1) A licensed racing entity shall only accept and~~

4 (E) CONDITIONS.--A LICENSED RACING ENTITY SHALL ONLY ACCEPT <--

5 AND tabulate a wager by a direct request via electronic media

6 from the holder of an electronic wagering account. Only the

7 holder of the electronic wagering account shall place a wager.

8 ~~(2) Any person who violates this subsection commits a~~ <--

9 ~~misdemeanor of the first degree.~~

10 (f) Primary market area.--

11 (1) ~~No~~ A licensed racing entity may OR SECONDARY PARI- <--

12 MUTUEL ORGANIZATION MAY NOT accept a wager or establish

13 electronic wagering OR ADVANCED DEPOSIT ACCOUNT WAGERING for <--

14 any person located in the primary market area of a racetrack,

15 other than the racetrack at which the licensed racing entity

16 is conducting a race meeting.

17 (2) Nothing in this subsection shall be construed to

18 prohibit a licensed racing entity from accepting a wager from

19 or establishing an electronic wagering account for any person

20 located in the primary market area of the racetrack where the

21 licensed racing entity is conducting a meet. If two tracks

22 share the primary market area, both racetracks shall have

23 equal rights to the market in the shared area.

24 Section 221-A. Pari-mutuel wagering at nonprimary locations.

25 (a) Nonprimary locations.--The following shall apply:

26 (1) Notwithstanding any other provision of this act, the

27 commission may approve a licensed racing entity to continue

28 to operate a nonprimary location where it has conducted pari-

29 mutuel wagering on horse races conducted by the licensed

30 racing entity. The licensed racing entity may continue to

1 conduct pari-mutuel wagering at the location on horse races
2 conducted by another licensed racing entity, which horse
3 races may be televised to the location or on horse races
4 simulcast to the location under section 216-A, provided that:

5 (i) A licensed racing entity has not established a
6 nonprimary location within the primary market area of any
7 racetrack other than a racetrack where the licensed
8 racing entity conducts horse race meetings. Establishment
9 of a nonprimary location by a licensed racing entity
10 within the primary market area of a racetrack where the
11 licensed racing entity conducts horse race meetings shall
12 require approval of the commission.

13 (ii) A licensed racing entity has not established a
14 nonprimary location within the secondary market area of a
15 racetrack if the nonprimary location is approved by the
16 commission.

17 (iii) A licensed racing entity has not established a
18 nonprimary location in an area outside the primary and
19 secondary market areas of any racetrack if the location
20 is approved by the commission.

21 (2) Except as provided under paragraph (1), no
22 additional licenses shall be permitted.

23 (3) The commission shall annually conduct inspections of
24 the primary facility.

25 (4) The regulatory authority of the commission shall
26 apply to nonprimary locations and any employees or vendors of
27 the licensed racing entity establishing the nonprimary
28 location.

29 (b) Taxation and records.--Money wagered at all primary and
30 nonprimary locations under this act shall be included in common

1 pari-mutuel pools. Money wagered by patrons on the races shall
2 be computed by the amount of money wagered each racing day for
3 purposes of taxation under section 224-A. The licensed racing
4 entity conducting the horse race meeting and maintaining the
5 pari-mutuel pools shall maintain accurate records of the amount
6 wagered in each pool from every primary and nonprimary location.

7 (c) Retention.--Money retained under section 224-A shall be
8 calculated for each location where pari-mutuel wagering is being
9 conducted. If wagering has taken place at a nonprimary location
10 where the wagering is conducted by a licensed racing entity
11 other than the licensed racing entity conducting the horse race
12 meeting, the licensed racing entity conducting the horse race
13 meeting shall retain any money to which it is entitled by
14 agreement. The licensed racing entity conducting the meeting
15 shall pay over the balance of the retained money to the licensed
16 racing entity conducting the wagering at the nonprimary
17 location.

18 (d) Payment of purses.--A licensed racing entity conducting
19 a horse race meeting where pari-mutuel wagering is conducted at
20 one or more nonprimary locations shall distribute money to the
21 horseman's organization, or in accordance with the practice of
22 the parties, to be used for payment of purses at that racetrack,
23 as follows:

24 (1) Except as provided for in paragraphs (2), (3), (4)
25 and (5), an amount equal to but not less than 6% of the daily
26 gross wagering handle on the races at a nonprimary location.

27 (2) When the gross wagering handle on the races at a
28 nonprimary location on a given day is less than \$30,000, the
29 percentage may not be less than 3%.

30 (3) When the gross wagering handle on the races at a

1 nonprimary location on a given day is between \$30,000 and
2 \$75,000, the percentage may not be less than 4.75%.

3 (4) Whenever a nonprimary location is within the primary
4 market area of a licensed racing entity other than the
5 licensed racing entity conducting the races, the applicable
6 percentage shall be distributed one-half to the horseman's
7 organization at the racetrack or in accordance with the
8 practice of the parties.

9 (5) Where the horse race meeting is being conducted to
10 be used for the payment of purses at the racetrack and one-
11 half to the horseman's organization, or in accordance with
12 the practice of the parties, at the racetrack within the
13 primary market area to be used for the payment of purses at
14 the racetrack.

15 Nothing in this subsection shall be construed to prevent a
16 licensed racing entity from agreeing to distribute amounts
17 greater than the percentages set forth in this subsection.
18 However, if no alternative agreement has been reached, the total
19 percentage for purses under this subsection shall be paid in
20 accordance with the minimum percentages set forth in this
21 subsection.

22 (e) Other payments.--Notwithstanding any other provision of
23 this act, a nonprimary location may be established within the
24 primary market area of a racetrack by agreement between the
25 licensed racing entity and the horseman's organization at the
26 racetrack specifying the total percentage of handle wagered at
27 the nonprimary location to be distributed to the horseman's
28 organization, or in accordance with the practice of the parties,
29 to be used for the payment of purses at that racetrack. If no
30 agreement is reached covering the locations, the total

1 percentage to be paid for purses shall be the same as that
2 applied to on-track wagering at the racetrack located within the
3 primary market area.

4 Section 222-A. Books and records of pari-mutuel wagering.

5 Every licensed racing entity that conducts a horse race
6 meeting at which pari-mutuel wagering is authorized, shall
7 maintain books and records that clearly show by separate record
8 the total amount of money contributed to every pari-mutuel pool.
9 The Department of Revenue or its authorized representative shall
10 have access to examine all books and records and ascertain
11 whether the proper amount due to the State is being paid by the
12 licensed racing entity.

13 Section 223-A. Filing of certain agreements with the
14 commission.

15 A licensed racing entity shall promptly file with the
16 commission any lease agreement concerning any concession, labor
17 management relation, hiring of designated classes of officers,
18 employees or contractors specified by the commission or any
19 other contract or agreement as the commission may prescribe.

20 Section 224-A. State Racing Fund and tax rate.

21 (a) Fund.--There is hereby established in the State Treasury
22 the State Racing Fund. All money deposited in the fund, except
23 money deposited in restricted accounts, shall be annually
24 appropriated by the General Assembly for the administration and
25 enforcement of this act and for the oversight and promotion of
26 horse racing in this Commonwealth. A licensed racing entity that
27 conducts horse race meetings or a ~~licensed advance deposit~~ <--
28 ~~account wagering entity~~ SECONDARY PARI-MUTUEL ORGANIZATION shall <--
29 pay a tax to the Department of Revenue for deposit in the State
30 Racing Fund.

1 (b) Tax rate.--The tax imposed on a licensed racing entity
2 or licensed advance deposit account wagering entity SECONDARY <--
3 PARI-MUTUEL ORGANIZATION shall be 1.5% of the amount wagered
4 each racing day ON WIN, PLACE OR SHOW WAGERS and 2.5% of the <--
5 total amount on AN EXOTIC WAGER, INCLUDING an exacta, daily <--
6 double, quinella and trifecta wager.

7 (c) Expenditures. Funds collected and deposited under <--
8 subsection (b) and any interest shall be used solely for the
9 administration and enforcement of this act including:

10 (1) Funds to the commission in an amount appropriated by
11 the General Assembly.

12 (2) Funds to the Department of Revenue in an amount
13 appropriated by the General Assembly.

14 (C) EXPENDITURES.--FUNDS COLLECTED UNDER SUBSECTION (B) AND <--
15 ANY INTEREST SHALL BE USED AS FOLLOWS:

16 (1) FOR THE ADMINISTRATION AND ENFORCEMENT OF THIS ACT
17 INCLUDING:

18 (I) FUNDS TO THE COMMISSION IN AN AMOUNT
19 APPROPRIATED BY THE GENERAL ASSEMBLY.

20 (II) FUNDS TO THE DEPARTMENT OF REVENUE IN AN AMOUNT
21 APPROPRIATED BY THE GENERAL ASSEMBLY.

22 (2) IF ANNUAL REVENUE UNDER SUBSECTION (B) IS SUFFICIENT
23 TO SATISFY THE REQUIREMENT UNDER PARAGRAPH (1), THE REMAINDER
24 OF THE MONEY SHALL BE DISTRIBUTED AS FOLLOWS:

25 (I) AN AMOUNT EQUIVALENT TO 1% OF THE AMOUNT WAGERED
26 EACH RACING DAY AT THOROUGHBRED HORSE RACE MEETINGS SHALL
27 BE PAID BY THE DEPARTMENT OF REVENUE FROM THE STATE
28 RACING FUND FOR CREDIT TO THE PENNSYLVANIA BREEDING FUND.

29 (II) AN AMOUNT EQUIVALENT TO 1.5% OF THE AMOUNT
30 WAGERED EACH RACING DAY AT STANDARD BRED HORSE RACE

1 MEETINGS SHALL BE PAID BY THE DEPARTMENT OF REVENUE FROM
2 THE STATE RACING FUND FOR CREDIT TO THE PENNSYLVANIA SIRE
3 STAKES FUND.

4 (d) Breakage.--All breakage retained under section 225-A by
5 licensed racing entities that conduct horse race meetings shall
6 be distributed in the following manner:

7 (1) Seventy-five percent of the breakage shall be paid
8 to the Department of Revenue for credit to the State Racing
9 Fund.

10 (2) Twenty-five percent of the breakage shall be
11 retained by the licensed racing entity to be used solely for
12 purses to the horsemen. All breakage money due to licensed
13 racing entities for the purses for claiming and nonclaiming
14 races under this paragraph but not expended as a result of a
15 race cancellation shall be carried forward to the next
16 succeeding horse race meeting by licensed racing entities to
17 be used for claiming and nonclaiming races which restrict
18 entry to horses sired in this Commonwealth under the
19 provisions of this paragraph.

20 ~~(e) Remainder. The remainder of the money shall be~~ <--
21 ~~distributed as follows:~~

22 ~~(1) An amount equivalent to 1% of the amount wagered~~
23 ~~each racing day at thoroughbred horse race meetings shall be~~
24 ~~paid by the Department of Revenue from the State Racing Fund~~
25 ~~for credit to the Pennsylvania Breeding Fund established~~
26 ~~under section 226 A.~~

27 ~~(2) An amount equivalent to 1.5% of the amount wagered~~
28 ~~each racing day at standardbred horse race meetings shall be~~
29 ~~paid by the Department of Revenue from the State Racing Fund~~
30 ~~for credit to the Pennsylvania Sire Stakes Fund established~~

1 under section 227-A.

2 ~~(3) The remainder of the amount wagered each racing day~~
3 ~~shall be deposited in the State Racing Fund.~~

4 (E) TRANSFER.--IF FUNDS IN THE STATE RACING FUND ARE <--
5 INSUFFICIENT TO FUND THE COSTS OF THE ADMINISTRATION AND
6 ENFORCEMENT OF THIS ACT, THE AMOUNT NECESSARY TO ELIMINATE THE
7 FUNDING DEFICIENCY SHALL, NOTWITHSTANDING ANY OTHER PROVISION OF
8 LAW, BE TRANSFERRED BY THE STATE TREASURY FROM THE RACE HORSE
9 DEVELOPMENT FUND TO THE STATE RACING FUND.

10 (f) Other revenues.--The State Racing Fund may also receive
11 moneys from any other source, including, but not limited to
12 appropriations made by the General Assembly.

13 Section 225-A. Pari-mutuel pool distribution.

14 (a) Distribution.--A licensed racing entity shall distribute
15 money in a pari-mutuel pool to the holders of winning tickets
16 presented for payment before the first day of April of the year
17 following the date of purchase. After April 1 of the year
18 following the year of purchase, a licensed racing entity shall
19 forward the necessary funds held for uncashed tickets to the
20 Department of Revenue. The funds shall be deposited into the
21 State Racing Fund.

22 (b) Remainder.--The remainder of the money shall be retained
23 by the licensed racing entity in the following manner:

24 (1) Seventeen percent of the money plus the breakage
25 from regular wagering pools or 19% of the money plus the
26 breakage from regular wagering pools for licensed racing
27 entities whose daily total in all pari-mutuel pools averaged
28 less than \$300,000.

29 (2) Twenty percent of the money plus breakage from the
30 exacta, daily double, quinella and other wagering pools as

1 determined by the commission.

2 (3) At least 26%, but no more than 35%, from the
3 trifecta or other wagering pools as determined by the
4 commission.

5 (c) Retention.--A licensed racing entity may retain lesser
6 percentages upon approval of the commission.

7 Section 226-A. Pennsylvania Breeding Fund.

8 (a) Establishment.--There is hereby created a restricted
9 account in the State Racing Fund to be known as the Pennsylvania
10 Breeding Fund which shall consist of the money deposited under
11 section 225-A and which shall be distributed by the ~~Department~~ <--
12 ~~of Revenue~~ COMMISSION.

13 (b) Awards from the Pennsylvania Breeding Fund.--The
14 ~~Department of Revenue~~ COMMISSION shall distribute money from the <--
15 Pennsylvania Breeding Fund as follows:

16 (1) An award of 30% of the purse earned by every
17 registered thoroughbred racing horse sired in this
18 Commonwealth by a registered Pennsylvania sire at the time of
19 conception of the registered thoroughbred racing horse sired
20 in this Commonwealth, or an award of 20% of the purse earned
21 by every registered thoroughbred racing horse sired in this
22 Commonwealth sired by a nonregistered sire, which finishes
23 first, second or third in any race conducted by a licensed
24 racing entity under this act shall be paid to the breeder of
25 said registered thoroughbred racing horse sired in this
26 Commonwealth. A single award under this paragraph may not
27 exceed 1% of the total annual fund money.

28 (2) An award of 10% of the purse earned by any
29 thoroughbred racing horse sired in this Commonwealth which
30 finishes first, second or third in any race conducted by a

1 licensed racing entity under this act shall be paid to the
2 owner of the registered Pennsylvania sire which regularly
3 stood in Pennsylvania at the time of conception of the
4 thoroughbred racing horse sired in this Commonwealth. A
5 single award under this paragraph may not exceed 0.5% of the
6 total annual fund money.

7 (3) An award of 10% of the purse earned by any
8 registered thoroughbred racing horse sired in this
9 Commonwealth which finishes first in any race conducted by a
10 licensed racing entity under this act not restricting entry
11 to registered thoroughbreds racing horse sired in this
12 Commonwealth shall be paid to the licensed owner of said
13 registered thoroughbred horse sired in this Commonwealth at
14 the time of winning. A single award under this paragraph may
15 not exceed 0.5% of the total annual fund money.

16 (c) Purses from Pennsylvania Breeding Fund.--Up to one-fifth
17 of the total of the estimated Pennsylvania Breeding Fund money
18 remaining each year after the deduction of expenses related to
19 the administration and development of the Pennsylvania Breeding
20 Fund program and the payment of breeder, stallion and owner
21 awards, shall be divided among the licensed racing entities that
22 conduct thoroughbred horse race meetings in direct proportion to
23 the rate by which each licensed racing entity generated the fund
24 money during the previous year to be used solely for purses for
25 Pennsylvania Breeding Fund stakes races which restrict entry to
26 registered thoroughbred racing horse sired in this Commonwealth.

27 (d) Remaining funds.--The Pennsylvania Breeding Fund money
28 remaining following disbursements as directed in subsection (b)
29 (1), (2) and (3) and subsection (c) shall be divided among the
30 licensed racing entities that conduct thoroughbred horse race

1 meetings in direct proportion to the rate by which each licensed
2 racing entity generated the fund money during the previous year
3 to be used for purses as follows:

4 (1) Claiming and nonclaiming Pennsylvania Breeding Fund
5 races which restrict entry to registered thoroughbred racing
6 horses sired in this Commonwealth.

7 (2) Claiming and nonclaiming Pennsylvania Breeding Fund
8 races which prefer registered thoroughbred racing horses
9 sired in this Commonwealth as starters. In these races,
10 should eight or more registered thoroughbred racing horses
11 sired in this Commonwealth pass the entry box, the race shall
12 be considered closed to horses other than registered
13 thoroughbred racing horses sired in this Commonwealth.

14 (e) Funds not expended.--Pennsylvania Breeding Fund money
15 due to licensed racing entities, as outlined in subsections (c)
16 and (d), but not expended during the calendar year may be
17 carried forth in the fund on the accounts of the licensed racing
18 entities to be expended during the succeeding year in addition
19 to the racing entities' fund money annually due to them for
20 purses.

21 (e.1) Committee.--There is hereby established the
22 Pennsylvania Breeding Fund Advisory Committee within the
23 commission. The committee shall consist of five individuals, who
24 are residents of this Commonwealth, to be appointed by the
25 commission by June 1 of each year based on the recommendation of
26 the groups identified in this subsection. If a member other than
27 a commissioner has not been recommended by June 1 of each year,
28 the commission shall make an appointment for the organization
29 failing to so recommend a member of the committee. The committee
30 shall assist and advise the commission on the regulation of

1 horse racing BREEDING ISSUES under this act but shall have no
2 power in administering the fund. Members of the advisory
3 committee shall not receive compensation or reimbursements for
4 participation on the committee. The committee shall consist of
5 the following members:

6 (1) Two members representing the Pennsylvania Horse
7 Breeders' Association.

8 (2) One member representing licensed racing entities.

9 (3) One member representing the association representing
10 horsemen racing in Pennsylvania.

11 (4) One member of the commission.

12 (f) Pennsylvania Horse Breeders' Association.--The
13 commission shall contract with the Pennsylvania Horse Breeders'
14 Association as the organization responsible for the registration
15 and records of thoroughbred racing horses sired in this
16 Commonwealth. The Pennsylvania Horse Breeders' Association shall
17 advise the commission when called upon and shall determine the
18 qualifications for thoroughbred racing horses sired in this
19 Commonwealth and Pennsylvania sires. Registration and records of
20 the association shall be official records of the Commonwealth
21 and shall be subject to the act of February 14, 2008 (P.L.6,
22 No.3), known as the Right-to-Know Law. At the close of each
23 calendar year, the Pennsylvania Horse Breeders' Association
24 shall submit to the commission for its approval an itemized
25 budget of projected expenses for the ensuing year relating to
26 the administration and development of the Pennsylvania Breeding
27 Fund Program. The commission shall reimburse the Pennsylvania
28 Horse Breeders' Association for those expenses actually incurred
29 in the administration and development of the Pennsylvania
30 Breeding Fund Program from the Pennsylvania Breeding Fund, no

1 more than on a quarterly basis. No more than 5% 10% of the fund <--
2 may be utilized for administrative costs.

3 Section 227-A. Pennsylvania Sire Stakes Fund.

4 (a) Establishment.--There is created a restricted account in
5 the State Racing Fund to be known as the Pennsylvania Sire
6 Stakes Fund which shall consist of the money deposited under
7 section 225-A and which shall be administered by the commission.

8 (b) Distribution and use of funds.--Funds shall be
9 distributed as follows:

10 (1) Sixty percent of the money remaining in the excess
11 fund account of the Pennsylvania Sire Stakes Fund at the end
12 of the calendar year in which this subsection is enacted
13 shall be distributed to licensed racing entities that conduct
14 standardbred horse race meetings to be used in the next
15 succeeding calendar year as purse money for Pennsylvania-
16 sired horses. The remaining 40% of the money in the excess
17 fund account at the end of the calendar year of the enactment
18 of this subsection, together with the interest earned on that
19 money, shall be distributed to licensed racing entities that
20 conduct standardbred horse race meetings to be used in the
21 next succeeding calendar year as purse money for
22 Pennsylvania-sired horses.

23 (2) After deduction of sufficient funds to cover the
24 commission's cost of administration, 80% of all remaining
25 money in the Pennsylvania Sire Stakes Fund at the end of the
26 calendar year shall be distributed to licensed racing
27 entities that conduct standardbred horse race meetings to be
28 used as purse money for Pennsylvania-sired horses. The
29 commission may allocate up to a total of 40% of the amount to
30 be distributed to licensed racing entities in a calendar year

1 for use for a series of championship final races at the
2 racetracks of licensed business entities that conduct
3 standardbred horse race meetings. The commission shall
4 distribute the money to these championship final races in an
5 equal amount for each sex, age and gait for two-year-old
6 trotters and pacers and three-year-old trotters and pacers
7 based on conditions establishing eligibility to these final
8 events. No pari-mutuel standardbred racetrack shall be
9 awarded more than 50% of the championship final races in any
10 calendar year. The commission shall schedule these final
11 events so as to evenly alternate classes at each racetrack
12 each year. After the allocation for the championship final
13 races has been determined, the remaining funds to be
14 distributed to licensed racing entities that conduct
15 standardbred horse race meetings shall be divided equally
16 among the licensed racing entities. Each licensed racing
17 entity shall divide the funds received equally for each of:

18 (i) four two-year-old races; one pace for colts, one
19 pace for fillies, one trot for colts and one trot for
20 fillies; and

21 (ii) four three-year-old races; one pace for colts,
22 one pace for fillies, one trot for colts and one trot for
23 fillies.

24 (c) Purse money.--Each allotment shall provide purse money
25 for the respective races. The purse money shall be in addition
26 to any entry fees or other funds available.

27 (d) Entry restriction.--Entry for these races shall be
28 limited to standardbred horses which were sired by a
29 standardbred stallion regularly standing in Pennsylvania and
30 each race shall be designated a Pennsylvania sire stakes race.

1 The commission shall adopt regulations as necessary to
2 administer the entry restriction.

3 Section 228-A. Fair fund proceeds.

4 (a) Distribution.--The Department of Agriculture shall
5 distribute money in the fair fund annually, on or before March
6 1, for reimbursement for each county agricultural society and
7 each independent agricultural society conducting standardbred
8 horse racing during its annual fair, other than races for two-
9 year-old colts and fillies and three-year-old colts and fillies,
10 an amount of money equal to that used during their annual fair
11 as purse money for standardbred horse racing, track and stable
12 maintenance, starting gate rental and the cost of all
13 standardbred horse racing officials required during their annual
14 fair. The reimbursement amount may not be more than \$13,000, a
15 minimum of \$4,000 of which must be used for purse money and the
16 balance of the allotment per fair, not used for purse money over
17 the minimum \$4,000 allotment, shall be used for the specific
18 purposes referenced above or otherwise the allotment shall be
19 retained in the fund.

20 (b) Inspection.--The ~~Department of Agriculture~~ COMMISSION <--
21 shall annually inspect each track facility at a county fair and
22 advise each operating fair about track maintenance which is
23 necessary to ensure adequate racing surface during the course of
24 scheduled fairs and racing events. If it is the opinion of the
25 ~~Department of Agriculture~~ COMMISSION that the fair society or <--
26 event sponsor is not adequately financing track maintenance, the
27 Department of Revenue shall surcharge the fair fund account of
28 the fair society or event sponsor to effectuate the remediation.

29 Section 229-A. Hearing.

30 An applicant, licensee, ~~permittee~~ or other person whose <--

1 application has been denied or whose license ~~or permit~~ has been <--
2 suspended, revoked or not renewed may request a hearing before
3 the commission. The provisions of 2 Pa.C.S. Chs. 5 Subch. A
4 (relating to practice and procedure of Commonwealth agencies)
5 and 7 Subch. A (relating to judicial review of Commonwealth
6 agency action) shall apply, UNLESS SUPERSEDED BY THE <--
7 COMMISSION'S ADMINISTRATIVE REGULATIONS.

8 Section 230-A. Prohibition of wagering.

9 No commissioner or employee of the commission shall wager
10 upon the outcome of any horse race conducted at or simulcast to
11 a track at which pari-mutuel wagering is conducted by any
12 licensed racing entity regulated by the commission. No licensed
13 racing entity shall permit any person who is under 18 years of
14 age to wager at a horse race meeting conducted by the licensed
15 racing entity. No licensed racing entity shall permit any person
16 who is under 18 years of age to attend a horse race meeting
17 conducted by the licensed racing entity unless the person is
18 accompanied by a parent or guardian. This section shall not be
19 construed to prohibit persons under 18 years of age, who are
20 legally employed, from being upon the racetrack premises for the
21 sole purpose of engaging in the performance of their duties as
22 employees.

23 Section 231-A. Veterinarians and State stewards.

24 (a) General rule.--The commission shall have the authority
25 to employ or contract with licensed veterinarians, stewards and
26 other personnel deemed appropriate by the commission to serve at
27 each meeting conducted by a licensed racing entity. The
28 commission may employ or contract with other individuals as
29 shall be necessary to carry out the responsibilities of this
30 section.

1 (b) Costs and compensation.--The costs and compensation of
2 the horse racing veterinarians, State stewards and other
3 personnel shall be fixed and paid by the licensed racing entity <--
4 COMMISSION. <--

5 (c) Agricultural society horse racing.--The commission <--
6 DEPARTMENT OF AGRICULTURE may promulgate regulations to oversee <--
7 horse racing conducted by a county agricultural society or an
8 independent agricultural society, as provided for under section
9 5(1)(iii) and (iv) of the act of July 8, 1986 (P.L.437, No.92),
10 known as the Pennsylvania Agricultural Fair Act. PARI-MUTUEL <--
11 WAGERING MAY NOT BE CONDUCTED AT A HORSE RACE AT A FAIR OF A
12 POLITICAL SUBDIVISION.

13 Section 232-A. Promotions and discounts.

14 The commission may approve a licensed racing entity to issue
15 a free pass, card or badge for a special promotional program and
16 seasonal discount ticket program.

17 Section 233-A. Monitoring of wagering on video screens.

18 A licensed racing entity conducting pari-mutuel wagering
19 shall display on video screens the approximate odds or
20 approximate will-pays on each horse for each race as well as a
21 combination of races, including, BUT NOT LIMITED TO, quinellas, <--
22 exactas, perfectas and any other combination or pool of races. A
23 display of approximate odds or approximate will-pays is not
24 required where the wager is on horses in four or more races,
25 such as Pick 4, Pick 5 or Pick 6. In addition to displaying the
26 amount of money wagered, the approximate odds or approximate
27 will-pays on each horse or combination of horses must be shown
28 on video screens in each wagering division. For trifectas, in
29 lieu of odds or approximate will-pays, the amount of money being
30 wagered on each horse to win in the trifecta pool must be

1 displayed on video screens separately from any other
2 information. Information must be displayed from the opening of
3 bets or wagering and be continually displayed until the wagering
4 is closed. At least one video screen in each wagering division
5 shall display the amount of money wagered on each horse involved
6 in a trifecta pool.

7 Section 234-A. ~~Simulcasting~~ INTRASTATE SIMULCASTING. <--

8 (a) General rule.--The commission shall permit intrastate
9 simulcasting of live ~~racing~~ HORSE RACING BETWEEN THE LICENSED <--
10 RACING ENTITIES THAT CONDUCT LIVE RACING.

11 (b) Simulcast signal.--The simulcast signal shall be
12 encoded, and the racetrack receiving the simulcast signal may
13 not send the signal anywhere other than a public location
14 authorized under section 219-A.

15 (c) Forms of pari-mutuel wagering.--~~The~~ ALL forms of pari- <--
16 mutuel wagering described in section 225-A ~~are~~ SHALL BE allowed <--
17 on a race to be ~~televised by simulcasting~~ SIMULCASTED under this <--
18 section.

19 (d) Regulations.--The commission may promulgate regulations
20 on wagering and the operation of horse racing.

21 (e) Computation of money wagered.--The money wagered by a
22 patron on a race must be computed in the amount of money wagered
23 each racing day for purposes of taxation under section 224-A.

24 (f) Definition.--As used in this section, the term "racing
25 day" consists of a minimum of eight live races, except at
26 thoroughbred tracks on Breeders' Cup Event Day.

27 Section 235-A. ~~Commingling~~.

28 (a) Applicability.--This section is applicable only to
29 licensed racing entities that conduct thoroughbred racing.

30 (b) Race secretary.--The race secretary shall receive

1 entries and declarations as an agent for the licensed racing
2 entity for which the race secretary acts. The race secretary or
3 an individual designated by the licensed racing entity may
4 receive stakes, forfeits, entrance money, jockey fees and other
5 fees, purchase money in claiming races and other money that can
6 properly come into the race secretary's possession as an agent
7 for the licensed racing entity for which the race secretary or
8 designee is acting.

9 (c) Horsemen's Account.--A licensed racing entity shall
10 maintain a separate account, to be known as a Horsemen's
11 Account. Money owed to owners in regard to purses, stakes,
12 rewards, claims and deposits shall be deposited into the
13 Horsemen's Account. Funds in the account are recognized and
14 denominated as being the sole property of owners. Deposited
15 funds may not be commingled with funds of the licensed racing
16 entity unless a licensed racing entity established an
17 irrevocable clean letter of credit with an evergreen clause in
18 favor of the organization which represents a majority of the
19 owners and trainers racing with the licensed racing entity. The
20 minimum amount of the credit must be the greater of \$1,000,000
21 or 110% of the highest monthly balance in the Horsemen's Account
22 in the immediate prior year. To calculate the monthly balance in
23 the Horsemen's Account, the sum of the daily balances shall be
24 divided by the number of days in the month. The evergreen clause
25 must provide that:

26 (1) thirty days prior to the expiration of the letter of
27 credit, the financial institution can elect not to renew the
28 letter of credit;

29 (2) upon an election under paragraph (1), the financial
30 institution must notify the designee of the organization that

1 represents a majority of the owners and trainers racing with
2 the licensed racing entity, by registered mail, return
3 receipt requested, of the election not to renew; and

4 (3) the financial institution will honor the letter of
5 credit for six months after expiration.

6 Purse money earned by owners shall be deposited by the licensed
7 racing entity in the Horsemen's Account within 48 hours after
8 the result of the race in which the money was earned has been
9 declared official and the purse has been released by the
10 commission.

11 (d) Accounting.--A licensed racing entity shall designate
12 individuals authorized to receive and disburse funds from the
13 Horsemen's Account. Individuals designated under this subsection
14 shall be bonded to provide indemnity for malfeasance,
15 nonfeasance and misfeasance. A certified copy of the bond shall
16 be filed with the commission.

17 (e) Examination, access and records.--The Horsemen's Account
18 and the investment and deposit schedules relating to the account
19 are subject to examination, at reasonable times, by a designee
20 of the organization which represents a majority of the owners
21 and trainers racing with the licensed racing entity and by the
22 commission. The individual designated under subsection (d) shall
23 provide each owner with access, at reasonable times during a
24 racing day, to the amount of funds in the Horsemen's Account
25 credited to that owner. At the close of a horse race meeting,
26 the designated individual shall mail to each owner a record of
27 deposits, withdrawals and transfers affecting the amount of
28 funds in the Horsemen's Account credited to that owner.

29 (f) Auditing and monthly statements.--The Horsemen's Account
30 shall be audited annually and at any other time determined by

1 the commission. Monthly statements shall be provided to the
2 designee of the organization which represents a majority of the
3 owners and trainers racing with the licensed racing entity and
4 the commission.

5 (g) Interest.--Fifty percent of the money earned as interest
6 on funds in the Horsemen's Account shall be paid to the
7 organization that represents a majority of the owners and
8 trainers racing with the licensed racing entity on a weekly
9 basis. The amount is for the benefit of the horsemen as
10 determined by the organization that represents the majority of
11 the owners and trainers racing with the licensed racing entity.
12 The remaining 50% of the interest earned is for the benefit of
13 the licensed racing entity that has the responsibility to fund
14 the costs associated with the administration of the fund.
15 Interest each month must be earned in an amount equal to the
16 Federal Reserve Discount Rate on the first day of the month.
17 Section 236-A. Standardbred horse racing purse money.

18 A licensed racing entity that conducts standardbred racing
19 must place on deposit with the commission by March 1 of each
20 year an irrevocable letter of credit equivalent to its average
21 weekly purse total from the immediate prior year. The commission
22 shall hold the letter of credit in trust for the standardbred
23 horsemen racing at that licensed racing entity's horse race
24 meeting if the purse checks are not issued or insufficient funds
25 are available to cover the purse checks.

26 CHAPTER 2 B

<--

27 ADVANCE DEPOSIT ACCOUNT WAGERING

28 Section 201 B. Definitions.

29 The following words and phrases when used in this chapter
30 shall have the meanings given to them in this section unless the

1 ~~context clearly indicates otherwise:~~

2 ~~"Account." An account for advance deposit account wagering~~
3 ~~with a specific identifiable record of deposits, wagers and~~
4 ~~withdrawals established by an account holder and managed by the~~
5 ~~licensed advance deposit account wagering entity.~~

6 ~~"Account holder." An individual who successfully completed~~
7 ~~an application and for whom the licensed advance deposit account~~
8 ~~wagering entity has opened an account.~~

9 ~~"Applicant." A person that has submitted an application for~~
10 ~~a license under this chapter.~~

11 ~~"Confidential information." Shall include all of the~~
12 ~~following:~~

13 ~~(1) The amount of money credited to, debited from,~~
14 ~~withdrawn from or present in any particular account holder's~~
15 ~~account.~~

16 ~~(2) The amount of money wagered by a particular account~~
17 ~~holder on any race or series of races.~~

18 ~~(3) The account number and secure personal~~
19 ~~identification code of a particular account holder.~~

20 ~~(4) The identities of particular licensed racing entity~~
21 ~~on which the account holder is wagering or has wagered.~~

22 ~~(5) Unless otherwise authorized by the account holder,~~
23 ~~the name, address and other information in the possession of~~
24 ~~the licensed advance deposit account wagering entity that~~
25 ~~would identify the account holder to anyone other than the~~
26 ~~commission or the licensed advance deposit account wagering~~
27 ~~entity.~~

28 ~~"Nominal change in ownership." The sale, pledge,~~
29 ~~encumbrance, execution of an option agreement or other transfer~~
30 ~~of less than 5% of the equity securities or other ownership~~

1 ~~interest of a partnership, association, corporation or entity~~
2 ~~holding a license.~~

3 ~~"Principal." All of the following individuals associated~~
4 ~~with a partnership, trust association, limited liability company~~
5 ~~or corporation:~~

6 ~~(1) The chairman and all members of the board of~~
7 ~~directors of a corporation.~~

8 ~~(2) All partners of a partnership and all participating~~
9 ~~members of a limited liability company.~~

10 ~~(3) All trustees and trust beneficiaries of an~~
11 ~~association.~~

12 ~~(4) The president or chief executive officer and all~~
13 ~~other officers, managers and employees who have policy making~~
14 ~~or fiduciary responsibility within the organization.~~

15 ~~(5) All stockholders or other individuals who own, hold~~
16 ~~or control, either directly or indirectly, 5% or more of~~
17 ~~stock or financial interest in the collective organization.~~

18 ~~(6) Any other employee, agent, guardian, personal~~
19 ~~representative, lender or holder of indebtedness who has the~~
20 ~~power to exercise a significant influence over the~~
21 ~~applicant's or licensee's operation.~~

22 ~~"Substantial change in ownership." The sale, pledge,~~
23 ~~encumbrance, execution of an option agreement or another~~
24 ~~transfer of 5% or more of the equity securities or other~~
25 ~~ownership interest of a partnership, association, corporation or~~
26 ~~entity holding a license.~~

27 ~~"Telephone account wagering." A form of pari mutuel wagering~~
28 ~~where an individual may deposit money in an account at a track~~
29 ~~and may place a wager by direct telephone call or by~~
30 ~~communication through other electronic media owned by the holder~~

1 ~~of the account to the track.~~

2 ~~Section 202 B. License required to conduct advance deposit~~
3 ~~account wagering.~~

4 ~~(a) New applications. A person, other than a licensed~~
5 ~~racing entity engaged in electronic wagering that offers advance~~
6 ~~deposit account wagering to individuals within this Commonwealth~~
7 ~~shall apply to the commission for a license under this chapter.~~

8 ~~Deadlines for new license applications shall be as follows:~~

9 ~~(1) A person that offered advanced deposit account~~
10 ~~wagering to residents of this Commonwealth prior to the~~
11 ~~effective date of this chapter, shall apply to the commission~~
12 ~~for a license by submitting a completed Initial/Renewal~~
13 ~~License Application to Conduct Advance Deposit Account~~
14 ~~Wagering form on or before 60 days after the effective date~~
15 ~~of this chapter. Between the time that the license~~
16 ~~application is submitted and the commission renders a~~
17 ~~decision, the person may continue to operate. The commission~~
18 ~~shall render a decision within 90 days of receipt of a~~
19 ~~completed license application. The license shall be effective~~
20 ~~upon approval of the commission.~~

21 ~~(2) Any other person shall apply to the commission for a~~
22 ~~license by submitting a completed Initial/Renewal License~~
23 ~~Application to Conduct Advance Deposit Account Wagering form.~~
24 ~~The license shall be effective, and the licensed advance~~
25 ~~deposit account wagering entity may begin operations, upon~~
26 ~~approval of the commission.~~

27 ~~(b) Renewal applications. A license to conduct advance~~
28 ~~deposit account wagering shall be renewed annually in accordance~~
29 ~~with this chapter. A renewal application shall be submitted on~~
30 ~~the Initial/Renewal License Application to Conduct Advance~~

1 ~~Deposit Account Wagering form on or before September 1 of the~~
2 ~~preceding year. The commission shall render a decision on the~~
3 ~~application on or before December 15 of the preceding year. If~~
4 ~~approved, a renewal license shall be effective January 1.~~

5 ~~(c) Information required. If an applicant is unable to~~
6 ~~provide the information required, the applicant shall fully~~
7 ~~explain and document to the satisfaction of the commission, the~~
8 ~~circumstances and shall provide the information promptly upon~~
9 ~~being able to do so.~~

10 CHAPTER 2-B <--

11 LICENSING REQUIREMENTS FOR SECONDARY

12 PARI-MUTUEL ORGANIZATION

13 SECTION 201-B. GENERAL LICENSE REQUIREMENTS.

14 (A) NEW APPLICATION.--A PERSON SEEKING TO OFFER PARI-MUTUEL
15 WAGERING AND ELECTRONIC WAGERING TO INDIVIDUALS WITHIN THIS
16 COMMONWEALTH MUST APPLY TO THE COMMISSION FOR A LICENSE BY
17 SUBMITTING A COMPLETED INITIAL/RENEWAL LICENSE APPLICATION. THE
18 LICENSE SHALL TAKE EFFECT AND THE SECONDARY PARI-MUTUEL
19 ORGANIZATION MAY BEGIN OPERATIONS AFTER APPROVAL BY THE
20 COMMISSION.

21 (B) RENEWAL APPLICATIONS.--A LICENSE MUST BE RENEWED
22 ANNUALLY IN ACCORDANCE WITH THIS CHAPTER. A RENEWAL APPLICATION
23 SHALL BE SUBMITTED ON THE INITIAL/RENEWAL LICENSE APPLICATION ON
24 OR BEFORE SEPTEMBER 1 OF THE PRECEDING YEAR. IF APPROVED BY THE
25 COMMISSION, A RENEWAL LICENSE SHALL TAKE EFFECT JANUARY 1.

26 ~~Section 203-B~~ 202-B. Licensing costs and fees.--Costs and fees <--
27 are as follows:

28 (1) The applicant shall pay all costs incurred by the
29 commission in reviewing an application for an initial
30 license, including legal and investigative costs and the cost

1 of other necessary outside professionals and consultants in
2 accordance with the following:

3 (i) As an initial payment for these costs, the
4 applicant shall submit, along with a license application,
5 a cashier's check or certified check payable to the
6 commission in the amount of \$50,000.

7 (ii) Any portion of the payment not required to
8 complete the investigation shall be refunded to the
9 applicant within 20 days of the granting, withdrawal or
10 rejection of the initial license application.

11 (iii) To the extent additional costs will be
12 necessary, the applicant shall submit a cashier's check
13 or certified check payable to the commission in an amount
14 reasonably requested by the commission within 10 days of
15 receipt of the request. Failure to submit an additional
16 requested payment shall result in suspension of the
17 processing of the license application and may result in
18 denial of the license.

19 (2) An applicant for a renewal license shall pay all
20 reasonable costs incurred by the commission in reviewing a
21 renewal license, including legal and investigative costs and
22 the cost of other necessary outside professionals and
23 consultants in accordance with the following:

24 (i) The applicant shall submit a cashier's check or
25 certified check payable to the commission in an amount
26 reasonably requested by the commission within 10 days of
27 receipt of request.

28 (ii) Failure to submit the payment shall result in
29 suspension of the processing of renewing the license and
30 may result in denial of the license.

1 ~~(3) The commission may waive the costs contained in~~ <--
2 ~~paragraphs (1) and (2), in whole or part if the applicant has~~
3 ~~undergone a certification process or other investigative~~
4 ~~review by a commission approved industry or regulatory body.~~

5 ~~(4) (3) A license fee of \$500,000 shall be payable to~~ <--
6 ~~the commission upon issuance of the initial license AND THE~~ <--
7 ~~RENEWAL LICENSE. A renewal license fee of \$500,000 shall be~~ <--
8 ~~payable to the commission. A license shall not be issued~~
9 ~~until receipt of the license fee each year. The license fee~~
10 ~~shall be deposited in the State Racing Fund.~~

11 ~~(5) (4) The commission shall track the BE REIMBURSED FOR~~ <--
12 ~~ANY additional costs required to implement and enforce this~~
13 ~~chapter.~~

14 ~~(5) BEGINNING TWO YEARS FOLLOWING THE EFFECTIVE DATE OF~~ <--
15 ~~THIS PARAGRAPH, THE COMMISSION MAY ANNUALLY INCREASE A FEE,~~
16 ~~CHARGE OR COST PROVIDED FOR UNDER THIS SECTION BY AN AMOUNT~~
17 ~~NOT TO EXCEED AN ANNUAL COST-OF-LIVING ADJUSTMENT CALCULATED~~
18 ~~BY APPLYING THE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX~~
19 ~~FOR ALL URBAN CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW~~
20 ~~JERSEY, DELAWARE AND MARYLAND AREA FOR THE MOST RECENT 12-~~
21 ~~MONTH PERIOD FOR WHICH FIGURES HAVE BEEN OFFICIALLY REPORTED~~
22 ~~BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR~~
23 ~~STATISTICS, IMMEDIATELY PRIOR TO THE DATE THE ADJUSTMENT IS~~
24 ~~DUE TO TAKE EFFECT.~~

25 ~~Section 204-B~~ 203-B. License application procedures. <--

26 ~~(a) Application for license.--An application for an initial~~
27 ~~or renewal license shall be in the form and manner prescribed by~~
28 ~~the commission in accordance with this chapter. The commission~~
29 ~~may deny a license to an applicant that provides false or~~
30 ~~misleading information on or omits material information from the~~

1 application. The application shall include all of the following:

2 (1) The applicant's legal name.

3 (2) The location of the applicant's principal office.

4 (3) The name, address and date of birth of each
5 principal with a five percent or greater share of ownership
6 or beneficial interest in the applicant.

7 (4) Audited financial statements for the last three
8 years or, if the applicant does not have audited financial
9 statements, financial and other pertinent information as
10 required by the commission to determine that the applicant is
11 financially capable of operating as a going concern and
12 protecting accounts.

13 (5) A detailed plan of how the ~~advance deposit account~~ <--
14 wagering system will operate. The commission may require
15 changes in the proposed plan of operations as a condition of
16 granting a license. There shall not be subsequent material
17 changes in the plan of operations unless ordered by the
18 commission or until approved by the commission after
19 receiving a written request.

20 (6) A list of all personnel processing wagers on races
21 made by residents of this Commonwealth. This list shall be
22 kept current and be provided to the commission upon request.

23 (7) Copies of all documents required under this
24 subsection by the commission.

25 (b) Review.--In reviewing an application, the commission may
26 consider any information, data, report, finding or other factor
27 available that it considers important or relevant to the
28 determination of whether the applicant is qualified to hold a
29 license, including all of the following:

30 (1) The integrity of the applicant and its principals,

1 including:

2 (i) Whether the applicant or its principals are
3 unsuitable.

4 (ii) Whether the applicant or its principals have
5 been a party to litigation over business practices,
6 disciplinary actions over a business license or refusal
7 to renew a license.

8 (iii) Whether the applicant or its principals have
9 been a party to proceedings in which unfair labor
10 practices, discrimination or violation of government
11 regulations pertaining to racing or gaming laws was an
12 issue or bankruptcy proceedings.

13 (iv) Whether the applicant or its principals have
14 failed to satisfy judgments, orders or decrees.

15 (v) Whether the applicant or its principals have
16 been delinquent in filing tax reports or remitting taxes.

17 (2) The quality of physical facilities and equipment.

18 (3) The financial ability of the applicant to conduct
19 advance deposit account wagering. <--

20 (4) The protections provided to safeguard accounts,
21 including a certification from the licensee's chief financial
22 officer that account funds will not be commingled with other
23 funds as required under this chapter.

24 (5) The management ability of the applicant and its
25 principals.

26 (6) Compliance of the applicant with applicable
27 statutes, charters, ordinances and administrative
28 regulations.

29 (7) The efforts of the applicant to promote, develop and
30 improve the horse racing industry in this Commonwealth.

1 (8) The efforts of the applicant to safeguard and
2 promote the integrity of pari-mutuel wagering in this
3 Commonwealth.

4 (9) The economic impact of the applicant upon the
5 Commonwealth.

6 ~~Section 205-B~~ 204-B. Oral presentation by applicant. <--

7 (a) Application.--The application presentation shall be in
8 accordance with all of the following:

9 (1) The commission may require an applicant to make an
10 oral presentation prior to the ruling in order to clarify or
11 otherwise respond to questions concerning the application as
12 a condition to the issuance or renewal of a license.

13 (2) The presentation shall be limited to the information
14 contained in the applicant's application and any supplemental
15 information relevant to the commission's determination of the
16 applicant's suitability.

17 (3) The admission as evidence of the supplemental
18 information shall be subject to the discretion of the
19 commission.

20 (b) Incomplete application.--If the commission deems an
21 applicant's application incomplete and does not accept it for
22 filing, the applicant shall not be entitled to make an oral
23 presentation.

24 ~~Section 206-B~~ 205-B. Additional information. <--

25 The commission may request additional information from an
26 applicant if the additional information would assist the
27 commission in deciding whether to issue or renew a license,
28 including all of the following:

29 (1) Copies of any documents used by the applicant in
30 preparing the application.

1 (2) A list of each contract between the applicant and a
2 third party related to operations. The commission may review
3 the contracts at any time upon request.

4 Section 207-B 206-B. Operations. <--

5 (a) Prior ~~operations~~ TO OPERATING REQUIREMENTS.--Before <--
6 doing business in this Commonwealth all of the following are
7 required of a licensee:

8 (1) Be qualified to do business in this Commonwealth.

9 (2) Submit a copy of each document required to be filed
10 with the Department of Revenue and each document related to
11 an audit or investigation by any Federal, State or local
12 regulatory agency to the commission.

13 (3) Remit to the commission a copy of each document
14 required to be filed with any Federal, State or local
15 regulatory agency.

16 (b) Requirements.--

17 (1) A licensee shall submit quarterly reports to the
18 commission providing amounts wagered by residents in this
19 Commonwealth and amounts wagered on races in this
20 Commonwealth.

21 (2) A licensee shall enter into an agreement with each
22 licensed racing entity in this Commonwealth on whose races
23 the licensee offers ~~advance deposit account~~ wagering <--
24 regarding payment of host fees and any other applicable fees,
25 costs or payments of any kind to be paid to the licensed
26 racing entity. The licensed racing entity and the applicable
27 horseman's organization shall negotiate a separate agreement
28 for contributions to the purse account ~~generated by advanced~~ <--
29 ~~deposit account~~ wagering.

30 (3) A licensee shall not commingle account funds with

1 other funds.

2 (4) A licensee shall provide quarterly financial
3 statements to the commission for the first calendar year of
4 operation if the ~~licensed racing entity~~ LICENSEE does not <--
5 have audited financial statements for the last three years as
6 referenced in section ~~204-B(a)(4)~~ 203-B(A)(4). <--

7 (5) A licensee shall use and communicate pari-mutuel
8 wagers to a totalisator licensed by the commission.

9 (6) A licensee shall operate and communicate with the
10 totalisator in such a way as not to provide or facilitate a
11 wagering advantage based on access to information and
12 processing of wagers by account holders relative to
13 individuals who wager at licensed racing entities or
14 simulcast facilities.

15 (7) All personnel processing wagers made by residents of
16 this Commonwealth shall be licensed ~~in the jurisdiction where~~ <--
17 they are located. If an individual is located in a
18 ~~jurisdiction that is not a racing jurisdiction or that does~~
19 ~~not require a license, that individual shall be licensed in~~
20 this Commonwealth BY THE COMMISSION. <--

21 (8) Accounts shall only be accepted in the name of an
22 individual and shall not be transferable. Only individuals
23 who have established accounts with a licensee may wager
24 through a licensee.

25 (9) Each account holder shall provide personal
26 information as the licensee and the commission require,
27 including all of the following:

28 (i) Name.

29 (ii) Principal residence address.

30 (iii) Telephone number.

1 (iv) Social Security number.

2 (v) Date of birth.

3 (vi) Other information necessary for account
4 administration.

5 (10) The information supplied by the account holder
6 shall be verified by the licensee using means acceptable to
7 the commission. A SECONDARY PARI-MUTUEL ORGANIZATION MUST <--
8 VERIFY THAT THE ACCOUNT HOLDER DOES NOT RESIDE WITHIN THE
9 PRIMARY MARKET AREA OF A LICENSED RACING ENTITY.

10 (11) The licensee shall provide each account holder a
11 secure personal identification code and password to be used
12 by the account holder to confirm the validity of every
13 account transaction.

14 (12) An employee or agent of the licensee shall not
15 disclose any confidential information except the following:

16 (i) To the commission.

17 (ii) To the account holder as required by this
18 chapter.

19 (iii) To the licensee and its affiliates.

20 (iv) To the licensed racing entity as required by
21 the agreement between the licensee and the licensed
22 racing entity.

23 (v) As otherwise required by law.

24 (13) The licensee shall provide each account holder a
25 copy of account holder rules and the terms of agreement and
26 other information and materials that are pertinent to the
27 operation of the account.

28 (14) The licensee may refuse to establish an account if
29 it is found that any of the information supplied is false or
30 incomplete or for any other reason the licensee deems

1 sufficient.

2 (15) Each account shall be administered in accordance
3 with the account holder rules and the terms of agreement
4 provided to account holders, including:

5 (i) Placing of wagers.

6 (ii) Deposits to accounts.

7 (iii) Credits to accounts.

8 (iv) Debits to accounts.

9 (v) Refunds to accounts.

10 (vi) Withdrawals from accounts.

11 (vii) Minimum deposit requirements.

12 (viii) Fees per wager.

13 (ix) Rebates.

14 (16) Each licensee shall have protocols in place and
15 shall publicize to its account holders when the wagers are
16 excluded from a host racetrack's wagering pool. These
17 protocols shall include an immediate electronic mail message
18 to affected account holders and immediate posting on the
19 licensee's publicly accessible Internet website.

20 (17) A licensee shall maintain complete records of the
21 application and the opening of an account for the life of the
22 account plus two additional years. A licensee shall also
23 maintain complete records of the closing of an account for
24 two years after closing. These records shall be provided to
25 the commission upon request.

26 (18) A licensee shall maintain complete records of all
27 transactions, including deposits, credits, debits, refunds,
28 withdrawals, fees, wagers, rebates and earnings for two
29 years. These records shall be provided to the commission upon
30 request.

1 (19) All wagering conversations, transactions or other
2 wagering communications, verbal or electronic, shall be
3 recorded by means of the appropriate electronic media and the
4 tapes or other records of the communications shall be kept by
5 the licensee for a period of two years. These tapes and other
6 records shall be made available to the commission upon
7 request.

8 (20) The recording of the confirmation of the
9 transaction, as reflected in the voice or other data
10 recording, shall be deemed to be the actual wager regardless
11 of what was recorded by the totalisator.

12 (21) A licensee shall not accept wagers if its recording
13 system is not operable.

14 (22) The commission may monitor the equipment and staff
15 and review the records of a licensee and any of the
16 transactions conducted by the licensee with regards to wagers
17 made by residents of this Commonwealth.

18 (23) A licensee may suspend or close any account for
19 violation of the account holder rules and the terms of
20 agreement or any other reason it deems sufficient, if the
21 licensee returns to the account holder all money then on
22 deposit within seven calendar days.

23 Section ~~208-B~~ 207-B. Transfers of licenses.

<--

24 A transfer of licenses shall be done in accordance with the
25 following:

26 (1) A license issued under this chapter shall not be
27 transferable or assignable.

28 (2) A substantial change in ownership in a licensee
29 shall result in termination of the license unless prior
30 written approval has been obtained from the commission. A

1 request for approval of a substantial change in ownership
2 shall be made on a form designated by the commission. Upon
3 receipt of all required information, the commission shall, as
4 soon as practicable, make a determination whether to
5 authorize and approve the substantial change in ownership.

6 (3) Notice of a nominal change in ownership shall be
7 filed with the commission within 15 days of the execution of
8 the documents upon which the proposed nominal change in
9 ownership will be based.

10 (4) For purposes of paragraph (3), notice is not
11 required for any of the following:

12 (i) A nominal change in ownership if the licensee is
13 a publicly traded corporation.

14 (ii) The transfer of an ownership interest in a
15 licensed racing entity, whether substantial or nominal,
16 direct or indirect, if by a publicly traded corporation,
17 and if the beneficial ownership transferred is acquired
18 by an individual who holds the voting securities of the
19 publicly traded corporation for investment purposes only.

20 (5) Any attempt to effect a substantial change in
21 ownership under this section if not done so in writing shall
22 be considered void by the commission.

23 Section ~~209-B~~ 208-B. Duration of license. <--

24 A license issued under this chapter shall be valid for one
25 calendar year for which the license is issued.

26 Section ~~210-B~~ 209-B. Penalties and enforcement. <--

27 All of the following apply:

28 (1) The commission shall have all of the rights, powers
29 and remedies necessary to carryout this chapter and to ensure
30 compliance with this chapter, including revocation,

1 suspension or modification of a license and the imposition of
2 finances UNDER SECTION 215-A. <--

3 (2) With respect to an individual or entity that offers
4 advanced deposit account PARI-MUTUEL wagering to residents of <--
5 this Commonwealth without a license issued by the commission,
6 the commission may take the measures deemed necessary,
7 including referral to the appropriate regulatory and law
8 enforcement authorities for civil action or criminal
9 penalties.

10 (3) UPON THE FINDING OF A VIOLATION BY A SECONDARY PARI- <--
11 MUTUEL ORGANIZATION OF THIS CHAPTER OR OF A COMMISSION
12 REGULATION OR ORDER OR UPON THE FINDING OF UNLICENSED
13 ELECTRONIC OR ADVANCED DEPOSIT ACCOUNT WAGERING BY AN
14 INDIVIDUAL OR ENTITY, THE COMMISSION MAY IMPOSE A FINE AS
15 AUTHORIZED UNDER SECTION 215-A.

16 CHAPTER 2-C

17 COMPLIANCE

18 SECTION 201-C. TAX COMPLIANCE REQUIREMENT.

19 (A) APPLICANT.--AN APPLICANT MUST BE TAX COMPLIANT TO BE
20 ELIGIBLE FOR A LICENSE OR PERMIT ISSUED UNDER THIS ACT. UPON
21 RECEIPT OF AN APPLICATION FOR A LICENSE OR PERMIT, THE
22 COMMISSION SHALL REQUEST THE DEPARTMENT OF REVENUE TO CONDUCT A
23 TAX COMPLIANCE REVIEW OF THE APPLICANT.

24 (B) LICENSEES AND PERMITEES.--A LICENSEE OR PERMITEE MUST BE
25 TAX COMPLIANT TO BE ELIGIBLE FOR RENEWAL OF A LICENSE OR PERMIT
26 ISSUED UNDER THIS ACT. PRIOR TO RENEWING A LICENSE OR PERMIT,
27 THE COMMISSION SHALL REQUEST THE DEPARTMENT OF REVENUE TO
28 CONDUCT A TAX COMPLIANCE REVIEW OF THE LICENSEE OR PERMITEE.

29 (C) COMMISSIONERS AND COMMISSION EMPLOYEES.--AN INDIVIDUAL
30 MUST BE TAX COMPLIANT TO BE ELIGIBLE TO SERVE AS A COMMISSIONER

1 OR TO BE EMPLOYED BY THE COMMISSION. COMMISSIONERS AND
2 COMMISSION EMPLOYEES SHALL BE SUBJECT TO AN ANNUAL TAX
3 COMPLIANCE REVIEW TO ENSURE THEY ARE TAX COMPLIANT.

4 (D) CONTRACTORS.--EACH CONTRACTOR OF THE COMMISSION SHALL BE
5 SUBJECT TO AN ANNUAL TAX COMPLIANCE REVIEW TO ENSURE THAT THE
6 CONTRACTOR IS TAX COMPLIANT.

7 (E) REVIEW.--THE ANNUAL TAX COMPLIANCE REVIEW UNDER
8 SUBSECTIONS (C) AND (D) MUST BE PERFORMED ON THE DATES AS
9 DETERMINED BY THE COMMISSION.

10 (F) DEFINITIONS.--FOR PURPOSES OF THIS SECTION, THE
11 FOLLOWING WORDS AND PHRASES SHALL HAVE THE FOLLOWING MEANINGS:

12 "TAX COMPLIANT." BEING CURRENT WITH ALL APPLICABLE
13 COMMONWEALTH TAX FILING AND REPORTING OBLIGATIONS FOR ANY
14 APPLICABLE TAX YEAR AND CURRENT WITH PAYMENT OF ANY BALANCE OF
15 TAX, INTEREST OR PENALTY DUE THE COMMONWEALTH AS DETERMINED BY
16 THE DEPARTMENT OF REVENUE FOR AN APPLICABLE TAX YEAR.

17 "TAX COMPLIANCE REVIEW." THE PROCESS BY WHICH THE DEPARTMENT
18 OF REVENUE DETERMINES WHETHER AN INDIVIDUAL OR ENTITY IS TAX
19 COMPLIANT.

20 Section 4. Section 301 of the act is amended to read:
21 Section 301. Mandatory requirements for medication rules.

22 (a) [The commissions shall have in effect at all times when]
23 When a licensed [corporation] racing entity conducts a horse
24 [racing] race meeting with pari-mutuel wagering the commission
25 shall have in effect rules or regulations to control the use and
26 administration of any medication and the use and administration
27 of any device that affects the performance of a race horse. The
28 [commissions may establish permitted tolerance levels and
29 therapeutic dose allowances for all medication to be used or
30 administered to a race horse.] commission shall adopt a

1 comprehensive schedule of equine drugs, medications, therapeutic
2 substances or metabolic derivatives which are authorized to be
3 administered to race horses, including tolerance levels and <--
4 therapeutic dose allowances. IN ORDER TO PROPERLY DETERMINE THE <--
5 SCHEDULE OF DRUGS AND THE TOLERANCE LEVELS UNDER THIS
6 SUBSECTION, THE COMMISSION MAY CONDUCT RESEARCH OR CONTRACT WITH
7 A VENDOR TO CONDUCT THE RESEARCH. The commission shall MAY <--
8 consult with the Pennsylvania Board of Veterinary Medicine,
9 academic institutes, associations representing the majority of
10 the horse owners and experts. as necessary to develop the <--
11 approved schedule. The adoption and amendment of medication
12 rules established under this section shall take effect no later
13 than 30 days after notification has been made to the
14 associations representing the majority of the horse owners.

15 (b) The [commissions] commission shall establish in their
16 rules or regulations penalty provisions for the violation of
17 these rules or regulations.

18 Section 5. Section 302(a) and (c) of the act, amended May
19 16, 1986 (P.L.205, No.63), are amended to read:

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 ~~the commission in consultation with the associations~~ <--
4 ~~representing the majority of the horse owners~~. All costs of the
5 program shall be paid by the [commissions] appropriations
6 allocated under section 304. [Subject to all provisions of the
7 act of April 9, 1929 (P.L.177, No.175), known as "The
8 Administrative Code of 1929," that apply to the department, the
9 management committee shall appoint and direct all personnel as
10 necessary, establish a facility or contract for the provision of
11 testing services, acquire all necessary equipment and supplies
12 and adopt all necessary procedures.]

13 * * *

14 [(c) In order to evaluate the effectiveness of testing
15 services performed by personnel of the Department of Agriculture
16 and determine whether the manner in which these services are
17 provided, the tests utilized and tolerance levels permitted
18 should be modified, the commissions shall equally fund a
19 contracted evaluation of existing laboratory services to be
20 conducted by a nongovernmental entity with documented expertise
21 to accurately evaluate existing laboratory services and
22 formulate recommendations for improvement of the testing
23 program. Upon review of the evaluation results, the department
24 may implement in consultation with the management committee a
25 program to improve laboratory services, including, if necessary
26 and appropriate, the selection of a contractor or contractors to
27 provide testing services. This study shall be completed on or
28 before January 1, 1987, and copies provided to the Governor, the
29 President pro tempore of the Senate, the Speaker of the House of
30 Representatives and the members of the State Government

1 Committees of the Senate and the House of Representatives within
2 15 working days.]

3 Section 6. Section 304 of the act is amended to read:

4 Section 304. Costs of the enforcement of the medication rules
5 or regulations.

6 [All costs for the collection and testing samples for any
7 manner of medication shall be paid by the commissions.] Each
8 year, the General Assembly shall authorize the transfer of funds
9 from the Pennsylvania Race Horse Development Fund to the State
10 Racing Fund to provide for the actual cost of collection and <--
11 EACH COST ASSOCIATED WITH THE COLLECTION AND RESEARCH OF AND <--
12 testing for medication, which shall include the cost of
13 necessary personnel, equipment, supplies and facilities, except
14 holding barns or stables to be located at horse race facilities,
15 grounds or enclosures or at other locations designated by the
16 commission. The transfer shall be made in 12 EQUAL monthly <--
17 installments during the fiscal year before any other
18 distribution from the Pennsylvania Race Horse Development Fund.
19 Transfers made under this section shall not exceed 5% of the
20 total funds available in the Pennsylvania Race Horse Development
21 Fund.

22 ~~Section 7. The Department of Agriculture's provision of any~~ <--
23 ~~shared administrative services, shared staff and shared~~
24 ~~facilities to the commission shall be reimbursed from the State~~
25 ~~Racing Fund and shall be limited to actual costs of providing~~
26 ~~the services, staff and facilities, including salaries, benefits~~
27 ~~and expenses of employees providing the shared administrative~~
28 ~~services. The Department of Agriculture shall retain records~~
29 ~~regarding any administrative shared service provided to the~~
30 ~~commission by a departmental employee.~~

1 Section & 7. This act shall take effect as follows:

<--

2 (1) The following provisions shall take effect
3 immediately:

4 (i) Section 201-A of the act.

5 (ii) This section.

6 (2) The remainder of this act shall take effect in 90
7 days.