
 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 REPORTED FROM COMMITTEE ON AGRICULTURAL AND RURAL AFFAIRS,
HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 23, 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; PROVIDING <--
17 FOR A STUDY; AND MAKING A REPEAL.

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

20 Section 1. Section 102 of the act of December 17, 1981
21 (P.L.435, No.135), known as the Race Horse Industry Reform Act,
22 amended or added May 16, 1986 (P.L.205, No.63) and November 30,
23 1988 (P.L.1090, No.127), is amended to read:

24 Section 102. Definitions.

1 The following words and phrases when used in this act shall
2 have, unless the context clearly indicates otherwise, the
3 meanings given to them in this section:

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

6 "Account." An account for account wagering with a specific
7 identifiable record of deposits, wagers and withdrawals
8 established by an account holder and managed by the licensed
9 racing entity or secondary pari-mutuel organization.

10 "Account holder." An individual who successfully completed
11 an application and for whom the licensed racing entity or
12 secondary pari-mutuel organization has opened an account.

13 "Advance deposit account wagering system." A system by which
14 wagers are debited and payouts are credited to an advance
15 deposit account held by a licensed racing entity or secondary
16 pari-mutuel organization on behalf of a person.

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

24 "Backside area." An area of the racetrack enclosure that is
25 not generally accessible to the public and which includes, but
26 is not limited to, a facility commonly referred to as a barn,
27 Paddock Enclosure, track kitchen, recreation hall, backside
28 employee quarters and training track, and roadways providing
29 access to the area. The term does not include an area of the
30 racetrack enclosure which is generally accessible to the public,

<--

1 including the various buildings commonly referred to as the
2 grandstand or the racing surface, ~~paddock enclosure~~ and walking <--
3 ring.

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

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

10 "Commission." The State Horse Racing Commission.

11 ["Commissions." The State Horse Racing Commission and the
12 State Harness Racing Commission.

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

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

19 "Conviction." A finding of guilt or a plea of guilty or nolo
20 contendere, whether or not a judgment of sentence has been
21 imposed as determined by the law of the jurisdiction in which
22 the prosecution was held. The term does not include a conviction
23 that has been expunged or overturned or for which an individual
24 has been pardoned or an order of accelerated rehabilitative
25 disposition.

26 "Electronic wagering." A method of placing or transmitting a
27 legal wager by an individual in this Commonwealth through
28 telephone, electro-mechanical, computerized system or any other
29 form of electronic media approved by the commission and accepted
30 by a secondary pari-mutuel organization or a licensed racing

1 entity or the licensed racing entity's approved off-track
2 betting system located in this Commonwealth.

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

5 "Ex parte communication." An off-the-record communication
6 engaged in or received by a commissioner of the commission
7 regarding the merits of, or any fact in issue relating to, a
8 pending matter before the commission or which may reasonably be
9 expected to come before the commission in a contested on-the-
10 record proceeding. The term shall not include:

11 (1) An off-the-record communication by a commissioner,
12 the Department of Revenue, Pennsylvania State Police,
13 Attorney General or other law enforcement official, prior to
14 the beginning of the proceeding solely for the purpose of
15 seeking clarification or correction to evidentiary materials
16 intended for use in the proceedings.

17 (2) A communication between the commission or a
18 commissioner and legal counsel.

19 "Felony." An offense under the laws of this Commonwealth or
20 the laws of another jurisdiction, punishable by imprisonment for
21 more than five years.

22 "Financial interest." An ownership, property, leasehold or
23 other beneficial interest in an entity. The term shall not
24 include an interest which is held or deemed to be held in any of
25 the following:

26 (1) Securities that are held in a pension plan, profit-
27 sharing plan, individual retirement account, tax-sheltered
28 annuity, a plan established under section 457 of the Internal
29 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 457), or
30 any successor provision, deferred compensation plan whether

1 qualified or not qualified under the Internal Revenue Code of
2 1986, or any successor provision or other retirement plan
3 that:

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

5 (ii) Is advised by an independent investment adviser
6 who has sole authority to make investment decisions with
7 respect to contributions made by the individual to these
8 plans.

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

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

16 "Horse race meeting." A specified period and dates each year
17 during which a licensed racing entity is authorized to conduct
18 live racing or pari-mutuel wagering as approved by the
19 commission.

20 "Horse racing." Standardbred horse racing and thoroughbred
21 horse racing.

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

25 "Immediate family." A spouse, parent, brother, sister or
26 child.

27 "Irrevocable clean letter of credit." A clean letter of
28 credit which cannot be canceled or amended unless there is an
29 agreement to cancel or amend among all parties to the letter of
30 credit.

1 "Land mile." A unit of distance equal to 1,609.3 meters or
2 5,280 feet, AS MEASURED IN A STRAIGHT LINE. <--

3 ["Licensed corporations." The corporations that have
4 obtained a license from either the State Horse Racing Commission
5 or the State Harness Racing Commission to conduct thoroughbred
6 or harness horse race meetings respectively with pari-mutuel
7 wagering.]

8 "Licensed racing entity representative." A person, including
9 an attorney, agent or lobbyist, acting on behalf of or
10 authorized to represent the interest of any applicant, licensee,
11 permittee or other person authorized by the commission to engage
12 in any act or activity regulated by the commission under this
13 act regarding any matter before, or which may be reasonably
14 expected to come before, the commission. The term shall include
15 a person representing a horseman's organization or a horse
16 breeder's organization.

17 "Licensed racing entity." Any person that has obtained a
18 license to conduct live thoroughbred or harness horse race
19 meetings respectively with pari-mutuel wagering from the
20 commission.

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

22 "Nominal change in ownership." The sale, pledge,
23 encumbrance, execution of an option agreement or other transfer
24 of less than 5% of the equity securities or other ownership
25 interest of a person whose percentage ownership does not affect
26 the decisions of the licensed racing entity.

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

1 ["Nonprimary location statement." The written statement
2 pursuant to this act submitted to the appropriate commission by
3 a licensed corporation planning to establish a nonprimary
4 location.]

5 "Ownership interest." Owning or holding, or being deemed to
6 hold, debt or equity securities or other ownership interest or
7 profit interest.

8 "Pari-mutuel wagering." A form of wagering, including
9 manual, electronic, computerized and other forms as approved by
10 the commission, on the outcome of a horse racing event in which
11 all wagers are pooled and held by a licensed racing entity or
12 secondary pari-mutuel organization for distribution of the total
13 amount, less the deductions authorized by law, to holders of
14 winning tickets.

15 "Person." Any natural person, corporation, foundation,
16 organization, business trust, estate, limited liability company,
17 license corporation, trust, partnership, limited liability
18 partnership, association or any other form of legal business
19 entity.

20 "Primary market area of a racetrack." The land area included
21 in a circle drawn with the racetrack as the center and a radius
22 of 35 land miles.

23 "Principal." Any of the following individuals associated
24 with a partnership, trust association, limited liability company
25 or corporation:

26 (1) The chairman and each member of the board of
27 directors of a corporation.

28 (2) Each partner of a partnership and each participating
29 member of a limited liability company.

30 (3) Each trustee and trust beneficiary of an

1 association.

2 (4) The president or chief executive officer and each
3 other officer, manager and employee who has policy-making or
4 fiduciary responsibility within the organization.

5 (5) Each stockholder or other individual who owns, holds
6 or controls, either directly or indirectly, 5% or more of
7 stock or financial interest in the collective organization.

8 (6) Any other employee, agent, guardian, personal
9 representative, lender or holder of indebtedness who has the
10 power to exercise a significant influence over the
11 applicant's or licensee's operation.

12 "Racetrack." The physical facility where a licensed
13 [corporation] racetrack entity conducts thoroughbred or [harness]
14 standardbred race meetings respectively with pari-mutuel
15 wagering.

16 "Racetrack enclosure." For purposes of this act, the term
17 "racetrack enclosure," with respect to each licensed
18 [corporation] racetrack entity, shall be deemed to include at least
19 one primary racetrack location at which horse race meetings
20 authorized to be held by the licensed [corporation] racetrack
21 entities are conducted, including the grandstand, frontside and
22 backside facilities and all primary, nonprimary, contiguous and
23 noncontiguous locations of the licensed [corporation] racetrack
24 entity which are specifically approved by the [appropriate]
25 commission for conducting the pari-mutuel system of wagering on
26 the results of horse [races] racetrack held at such meetings or
27 race meetings conducted by another licensed [corporation] racetrack
28 entity or [televised] transmitted to such locations by
29 simulcasting.

30 "Secondary market area of a racetrack." The land area

1 included in a circle drawn with the racetrack as the center and
2 a radius of 50 land miles, not including the primary market area
3 of the racetrack.

4 "Secondary pari-mutuel organization." A licensed entity,
5 other than a licensed racing entity, that offers and accepts
6 pari-mutuel wagers. A PERSON OR ENTITY THAT PROVIDES TO A <--
7 LICENSED RACING ENTITY HARDWARE, SOFTWARE, EQUIPMENT, CONTENT OR
8 SERVICES USED TO MANAGE, CONDUCT, OPERATE OR RECORD PARI-MUTUEL
9 WAGERING ACTIVITY BY OR FROM RESIDENTS OF THIS COMMONWEALTH
10 SHALL NOT BE DEEMED TO BE A SECONDARY PARI-MUTUEL ORGANIZATION
11 SOLELY BY VIRTUE OF THE PROVISION OF THE ASSETS OR SERVICES.

12 "Simulcast." [The transmission of live electronically
13 televised video/audio races from the host racetrack to the race
14 track receiving the television transmission.] Live video and
15 audio transmission of a race and pari-mutuel information for the
16 purpose of pari-mutuel wagering at locations other than the
17 racetrack where the race is run.

18 "Standardbred horse racing" or "harness racing." A form of
19 horse racing in which the horses participating are attached "in
20 harness" to a sulky or other similar vehicle, at a specific
21 gait, either a trot or pace.

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 person whose percentage ownership
26 affects the decisions of the licensed racing entity.

27 "Thoroughbred horse racing." The form of horse racing in
28 which each participating horse is mounted by a jockey, is duly
29 registered with The Jockey Club of New York and engages in horse
30 racing on the flat, which may include a steeplechase or hurdle

1 race.

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

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

7 [CHAPTER 2

8 STATE HORSE RACING COMMISSION AND STATE HARNESS

9 RACING COMMISSION

10 Section 201. Establishment of the commissions.

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

25 (b) The State Harness Racing Commission is hereby
26 established as a departmental administrative commission within
27 the Department of Agriculture. The commission shall have general
28 jurisdiction over all pari-mutuel harness racing activities in
29 the Commonwealth and the corporations engaged therein. The
30 commission shall consist of three members who shall be appointed

1 by the Governor, by and with the advice and consent of the
2 Senate. Each commissioner shall hold office for a term of three
3 years and until a successor is qualified.

4 (c) The commissioners shall be reimbursed for documented
5 expenses incurred in the performance of their official duties.
6 The commissioners shall be paid \$150 per diem for performing
7 their duties as directed by the Secretary of Agriculture. One of
8 the commissioners for each commission shall be appointed by the
9 Governor as chairperson. The commissioner appointed by the
10 Governor as chairperson shall serve in that position at the
11 pleasure of the Governor. The Secretary of Agriculture or his
12 designee shall be a nonvoting ex officio member of the
13 commissions. The commissions shall meet at least once a month
14 and at other times as the Secretary of Agriculture or the
15 commission chairperson deems necessary. Adequate public notice
16 of the time and place of the meetings shall be given. A
17 commissioner who fails to attend three consecutive meetings
18 shall be subject to removal. A commissioner shall be excused
19 from meetings due to illness or death of an immediate family
20 member. All commissioners shall be licensed under the provisions
21 of section 213.

22 (d) Each commission shall engage an executive secretary,
23 deputies, secretaries, officers and representatives as it may
24 deem necessary, who shall serve during its pleasure. The
25 commissions shall also engage other employees as they see fit
26 and whose duties shall be prescribed by the commissions and
27 whose compensation shall be fixed by the commissions within the
28 appropriations available. Legal counsel for the commissions
29 shall be appointed in accordance with the act of October 15,
30 1980 (P.L.950, No.164), known as the "Commonwealth Attorneys

1 Act." Each commission shall be subject to the provisions of the
2 act of April 9, 1929 (P.L.177, No.175), known as "The
3 Administrative Code of 1929," as to classification and
4 compensation for all its employees.

5 (e) It shall be the duty of the executive secretary to keep
6 a full and faithful record of the proceedings of the
7 commissions, preserve at the general office of the commissions
8 all books, maps, documents and papers entrusted to the executive
9 secretary's care, prepare for service the papers and notices as
10 may be required by the commissions and perform other duties as
11 the commissions may prescribe. It shall be the duty of the
12 executive secretary to keep, at the offices of the commissions,
13 a docket setting forth the names of all stockholders in all
14 corporations licensed under this act, the number of shares held
15 by each stockholder and the date on which each shareholder
16 acquired stock in the licensed corporation. The docket shall be
17 open for public inspection. It shall be the duty of the
18 executive secretary to appear before the Appropriations
19 Committees of the Senate and the House of Representatives for
20 budgetary review and recommendations.

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

1 Code of 1929."

2 (g) The terms and termination dates of the terms of the
3 three commissioners who constitute the State Horse Racing
4 Commission under the act of December 11, 1967 (P.L.707, No.331),
5 referred to as the Pennsylvania Thoroughbred Horse Racing Law,
6 shall continue under this act. Any commissioner whose term has
7 already expired on the effective date of this act and who has
8 not been replaced by a new member or has not been confirmed for
9 another term, shall continue in his or her present status until
10 replaced by a new member or confirmed for another term.

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

20 (i) All rules and regulations promulgated under the
21 provisions of the Pennsylvania Thoroughbred Horse Racing Law and
22 the Pennsylvania Harness Racing Law shall remain in effect
23 except to the extent that they are in direct conflict with the
24 provisions of this act. The commissions may amend, revise or
25 alter these rules and regulations as they deem necessary.

26 (j) All licenses issued under the provisions of section 11
27 of the Pennsylvania Thoroughbred Horse Racing Law and under the
28 provisions of section 9 of the Pennsylvania Harness Racing Law,
29 shall remain in effect for the remainder of the term for which
30 these licenses were issued. After these licenses have expired,

1 all renewals or new licenses shall be issued under the
2 provisions of this act.

3 (k) All licenses issued to corporations under the provisions
4 of section 7 of the Pennsylvania Thoroughbred Horse Racing Law
5 and under the provisions of section 7 of the Pennsylvania
6 Harness Racing Law, shall continue with the same force and
7 effect and shall be governed by the provisions of section 209.
8 Section 202. General powers of the commissions.

9 (a) The State Horse Racing Commission shall have the power
10 to supervise all thoroughbred horse race meetings at which pari-
11 mutuel wagering is conducted. The State Harness Racing
12 Commission shall have the power to supervise all harness horse
13 racing meetings at which pari-mutuel wagering is conducted. The
14 commissions may adopt rules and regulations to effect the
15 purposes and provisions of this act.

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

18 (1) Each commission shall have power to fix a minimum
19 charge for admission to horse race meetings at which pari-
20 mutuel wagering is conducted, but the minimum charge shall
21 not be less than 50¢ for general admission, exclusive of
22 taxes. The commissions shall have power to fix the charge for
23 admission of soldiers, sailors and marines, in uniform, at
24 one-half of the amount fixed for general admission, whether
25 or not the one-half of the amount fixed is less than the
26 minimum prescribed therein.

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

30 (3) The rules of the commissions shall also provide that

1 all winning pari-mutuel tickets must be presented for payment
2 before April 1 of the year following the year of their
3 purchase and failure to present the ticket within the
4 prescribed period of time shall constitute a waiver of the
5 right to participate in the award. After April 1 of the year
6 following, all licensed corporations will forward to the
7 State Treasurer through the Department of Revenue for credit
8 to the State Racing Fund all funds so held for the uncashed
9 tickets. Where it is shown to the satisfaction of the
10 appropriate commission and the Department of Revenue, through
11 substantiated and recorded data, that the reason for the
12 pari-mutuel ticket or tickets being outstanding and unclaimed
13 is loss, misplacement or theft within the confines and
14 control of the pari-mutuel department of any licensed
15 corporation and it is shown to the satisfaction of the
16 appropriate commission and the Department of Revenue that the
17 pari-mutuel ticket or tickets in question have been cashed by
18 the pari-mutuel department, the Department of Revenue, with
19 the approval of the appropriate commission, may adjust and
20 credit the licensed corporation's outstanding ticket account
21 accordingly on March 31 of the year following the year of
22 purchase or after a complete audit of the outstanding tickets
23 accounts have been performed. The licensed corporation shall
24 reimburse any employee who has been held personally
25 accountable and paid for the lost, misplaced or stolen
26 tickets.

27 (4) The commissions may adopt a general promotion
28 program to assist the licensed corporations in increasing
29 their attendance and average daily handle. Any expenditures
30 for a promotional program shall be authorized and approved in

1 the same manner as other operational costs of the
2 commissions.

3 (5) In the event that a state bordering Pennsylvania
4 enacts a wagering tax scheme that may place Pennsylvania
5 horse race meetings at a competitive disadvantage in the
6 purses that can be offered for horse races, a licensed
7 corporation may petition the appropriate commission for an
8 emergency financial grant to augment its purse structure. If
9 the appropriate commission finds that the effect of the
10 enacted wagering tax scheme of a bordering state is to place
11 Pennsylvania horse race meetings at a competitive
12 disadvantage in purse structure, the appropriate commission
13 shall make an emergency financial grant to the petitioning
14 licensed corporation for augmentation to its purse structure
15 out of moneys that the commission has budgeted for this
16 purpose; provided, however, that the Secretary of Agriculture
17 and the Secretary of the Office of Budget and Administration
18 have also agreed to the grant.

19 (c) The State Harness Racing Commission shall have
20 jurisdiction over and shall promulgate regulations as necessary
21 for the proper administration of all racing conducted by a
22 county agricultural society or an independent agricultural
23 society, as provided for under section 5(1)(iii) and (iv) of the
24 act of July 8, 1986 (P.L.437, No.92), known as the "Pennsylvania
25 Agricultural Fair Act."
26 Section 203.

27 (c) No corporation shall have the right to conduct any horse
28 race meet except on obtaining a license from the appropriate
29 commission and at the location or locations designated in its
30 license or any amendment thereto or as approved at any time by

1 the commission as the place or places at which it was proposed
2 to conduct its business. This restriction shall not apply to any
3 corporation whose racing plant or usefulness, in the discretion
4 of the appropriate commissions, shall, for any reason beyond the
5 control of the corporation, be totally destroyed or so
6 substantially interfered with as to render same unfit for
7 continued operation. Pending the rebuilding or restoration of
8 its usefulness, or the making of the required repairs to the
9 plant or the part destroyed or damaged, the commissions may
10 license such corporation to conduct its horse race meetings at
11 any other suitable location.

12 Section 204. Filing of information concerning stock transfers;
13 necessity for commissions' approval.

14 (a) Whenever a transfer of stock comprising an interest of
15 5% or more in any licensed corporation, or comprising an
16 interest of 5% or more in any corporation which leases to a
17 licensed corporation the track facility at which it conducts
18 pari-mutuel horse races or comprising an interest of 5% or more
19 in any corporation which owns 25% or more of the stock of the
20 licensed corporation shall be made, there shall be filed,
21 simultaneously, with the corporation which issued such stock the
22 following:

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

26 (i) has been convicted of a crime involving moral
27 turpitude;

28 (ii) has been engaged in bookmaking or other forms
29 of illegal gambling;

30 (iii) has been found guilty of any fraud or

1 misrepresentation in connection with racing or breeding;

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

6 (v) has violated any rule, regulation or order of
7 the commissions.

8 If the transferee of the interest is not, or is not to be,
9 the sole beneficial owner, there shall be annexed to the
10 affidavit of the transferee, and expressly stated in such
11 affidavit, a true and complete copy of all terms of the
12 agreement pursuant to which the interest in the corporation
13 is to be held by the transferee, including a detailed
14 statement of the interest of each person who is to have any
15 interest therein.

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

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

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

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

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

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

1 To each of the affidavits shall be annexed, and expressly
2 stated in such affidavit, a true and complete copy of all the
3 terms of the agreement pursuant to which the interest is to
4 be held by the transferee, including a detailed statement of
5 the interest of each person who is to have any interest
6 therein. The corporation shall file with the appropriate
7 commission one of each duplicate affidavits.

8 (b) If, after the filing of any affidavit required to be
9 filed, there shall be any change in the status of any affiant
10 with respect to any of the matters set forth in subsection (a)
11 (1) of the affidavit filed, the affiant shall file with the
12 corporation with which his affidavit was so filed a new
13 affidavit, executed by him in duplicate, setting forth the
14 change of status and the corporation shall file one of these
15 affidavits with the appropriate commission.

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

28 (d) If the appropriate commission determines that it is
29 inconsistent with the public interest, convenience, or
30 necessity, or with the best interest of racing generally, that

1 any person continue to be a stockholder of record, or the
2 beneficial owner of any interest in stock standing in the name
3 of another in any licensed corporation or of any corporation
4 which leases to such licensed corporation the track at which it
5 conducts pari-mutuel horse racing or which owned 25% or more of
6 the stock of the licensee, the appropriate commission shall have
7 full power and authority to order each stockholder or beneficial
8 owner to dispose of his stock or interest within a period of
9 time to be specified by the appropriate commission, which period
10 the appropriate commission shall have full power to extend.

11 (e) If the commissions shall make any order or direction as
12 provided in subsection (d), the person aggrieved shall be given
13 notice of the time and place of a hearing before the appropriate
14 commission, at which time the appropriate commission will hear
15 the person in reference thereto.

16 Section 205. Number of horse racing corporations.

17 (a) No more than six corporations shall be licensed by the
18 State Horse Racing Commission to conduct a pari-mutuel meet or
19 meets. No corporation licensed under this act to conduct harness
20 racing with pari-mutuel wagering or under the act of December
21 22, 1959 (P.L.1978, No.728), referred to as the Pennsylvania
22 Harness Racing Law, shall be licensed to conduct thoroughbred
23 horse racing with pari-mutuel wagering.

24 (b) No more than five corporations shall be licensed by the
25 State Harness Racing Commission to conduct a pari-mutuel meet or
26 meets. No corporation licensed under this act to conduct
27 thoroughbred horse racing with pari-mutuel wagering or under the
28 act of December 11, 1967 (P.L.707, No.331), referred to as the
29 Pennsylvania Thoroughbred Horse Racing Law, shall be licensed to
30 conduct harness horse racing with pari-mutuel wagering.

1 Section 206. Responsibilities of the Department of Revenue.

2 The Department of Revenue is charged with the financial
3 administration of pari-mutuel wagering under this act, as
4 supplemented by the rules and regulations of the commissions.
5 The Department of Revenue shall have authority to prescribe the
6 forms and the system of accounting to be employed, and through
7 its representatives shall, at all times, have power of access
8 to, and examination of, any equipment relating to such wagering.

9 Section 207. Allocation of racing days.

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

21 (1) If there is an agreement between the licensed
22 corporations as to the allocation of racing days then as
23 provided for therein.

24 (2) If there is no agreement between the licensed
25 corporations as to the allocation of racing days, then
26 equally between them.

27 (b) No more than 125 racing days shall be allocated to each
28 licensed corporation conducting harness horse race meetings in
29 any calendar year. Every corporation shall hold its license
30 under the provisions of section 209. The State Harness Racing

1 Commission shall allocate the racing days in accordance with the
2 following guidelines:

3 (1) A licensed corporation that has an ownership
4 interest in the facility at which the racing days are to be
5 conducted shall be granted up to 125 racing days in any
6 calendar year upon request to the State Harness Racing
7 Commission. The State Harness Racing Commission shall grant
8 all racing days requested by licensed corporations described
9 in this paragraph before any other racing days are granted to
10 any other licensed corporation that desires to conduct a meet
11 at the same facility owned in part or in whole by a licensed
12 corporation that also desires to conduct a meet there.

13 (2) Whenever one or more licensed corporations that have
14 an ownership interest in the facility at which the racing
15 days are to be conducted apply to the State Harness Racing
16 Commission for an allocation of racing days, the State
17 Harness Racing Commission shall allocate an equal number of
18 racing days to each licensed corporation or to each licensed
19 corporation based upon an agreement between the licensed
20 corporations as to the allocation of racing days.

21 (3) Upon request the State Harness Racing Commission may
22 grant up to an additional 25 racing days over the 125 racing
23 days to a licensed corporation in each calendar year, and the
24 commission may grant up to 50 additional days of racing if
25 that corporation is the only corporation operating at the
26 facility, if racing meet schedules can accommodate these
27 extra racing days.

28 (4) For purposes of this section, an ownership interest
29 shall mean that a licensed corporation directly or through a
30 parent or subsidiary has at least 35% equity interest in the

1 track facility at which it conducts harness horse race
2 meetings or is the primary tenant at such facility. For
3 purposes of this subsection, a primary tenant shall be that
4 licensed corporation, if any, which is a tenant conducting
5 horse race meetings at a track facility at which no licensed
6 corporation conducting horse race meetings has directly or
7 through a parent or subsidiary at least a 35% equity interest
8 in such facility, and if there is more than one such tenant
9 at any such facility during the year prior to the year for
10 which dates are requested, then among or between such tenants
11 the primary tenant, if any, shall be designated by agreement
12 among or between those licensed corporations which propose to
13 conduct horse race meetings at the said track facility during
14 the year for which dates are requested.

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

18 (1) the names and addresses of the corporations;

19 (2) the names and addresses of the presidents and
20 general managers of the corporations;

21 (3) the names and locations of the facilities where the
22 racing days are to be conducted;

23 (4) the number of racing days allocated to each
24 corporation; and

25 (5) a numbered list of each racing day assigned to each
26 calendar day of the year for the purposes of taxation.

27 (d) If a racing day is cancelled by a licensed corporation
28 for reasons beyond its control, the appropriate commission shall
29 grant the licensed corporation the right to conduct that racing
30 day in the same or the next ensuing calendar year, if schedules

1 permit. The racing day for purposes of taxation under section
2 222 shall be at the lowest tax rate at which the licensed
3 corporation conducted a racing day during that year.

4 Section 208. State admissions taxes.

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

26 (b) Every corporation holding a harness horse race meeting
27 shall collect, in addition to the admission price of tickets
28 sold or otherwise disposed of, for each such meeting held by the
29 corporation, a tax equivalent to 5% of the admission price. In
30 case of failure to collect the tax, the tax shall be imposed

1 upon the corporation holding the race meeting. The tax shall be
2 paid to the Department of Revenue within ten days after the
3 close of each race meeting. The amounts collected shall be paid
4 into the State Treasury to the credit of the State Racing Fund.
5 Before any corporation liable to pay the tax shall hold any race
6 meeting, or exercise any of the powers conferred by this act,
7 the corporation shall pay all taxes due and file a statement
8 with the Department of Revenue containing the name of the place
9 and stating the time when the races are to be held. Nothing in
10 this section shall apply to a race meeting conducted by any
11 state, county or other agricultural association.

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

22 Section 209. Licenses for horse race meetings.

23 (a) Any corporation desiring to conduct horse race meetings
24 at which pari-mutuel wagering shall be permitted may apply to
25 the appropriate commission for a license. The license gives its
26 holder the privilege to conduct horse race meetings at which
27 pari-mutuel wagering is permitted. The license does not give its
28 holder a property right. If, in the judgment of the appropriate
29 commission, the public interest, convenience or necessity will
30 be served and a proper case for the issuance of the license is

1 shown, the appropriate commission may issue the license. The
2 license shall remain in effect so long as the licensed
3 corporation complies with all conditions, rules and regulations
4 and provisions of this act. A commission may revoke or suspend
5 the license of any corporation, if the commission finds by a
6 preponderance of the evidence that the corporation, its
7 officers, employees or agents, has not complied with the
8 conditions, rules, regulations and provisions of this act and
9 that it would be in the public interest, convenience or
10 necessity to revoke or suspend the license. A license is not
11 transferable.

12 (b) Every license shall be issued upon the following
13 conditions:

14 (1) A horse race meeting at which pari-mutuel wagering
15 is conducted is subject to the supervision of and to the
16 reasonable rules and regulations prescribed by the
17 appropriate commission.

18 (2) Pari-mutuel wagering conducted is also subject to
19 the supervision of and to the reasonable regulations
20 prescribed by the Department of Revenue. Any license may also
21 be issued upon any other condition that the appropriate
22 commission determines to be necessary or desirable to insure
23 that the public interest, convenience or necessity is served.

24 (3) The corporation can prove by a preponderance of the
25 evidence that it has obtained the use of a facility to
26 conduct horse race meetings. The proof may be demonstrated by
27 documentation of an ownership interest in the facility or by
28 a written lease for use of the facility. For purposes of this
29 paragraph, an ownership interest shall mean that a licensed
30 corporation directly or through a parent or subsidiary has at

1 least a 35% equity interest in the track facility at which it
2 conducts horse race meetings or is the primary tenant at such
3 facility. For purposes of this paragraph, a primary tenant
4 shall be that licensed corporation, if any, which is a tenant
5 conducting horse racing meetings at a track facility at which
6 no licensed corporation conducting horse race meetings has
7 directly or through a parent or subsidiary at least a 35%
8 equity interest in such facility, and if there is more than
9 one such tenant at any such facility during the year prior to
10 the year for which dates are requested, then among or between
11 such tenants the primary tenant, if any, shall be designated
12 by agreement among or between those licensed corporations
13 which propose to conduct horse race meetings at the said
14 track facility during the year for which dates are requested.

15 (4) The corporation posts, in favor of the appropriate
16 commission, a bond or irrevocable letter of credit in an
17 amount equal to the sum of the corporation's average weekly
18 payment, during active racing, into the State Racing Fund, as
19 determined by the appropriate commission on the basis of the
20 immediately preceding year, during the year for which dates
21 are requested.

22 (5) The licensed corporation prints in its racing
23 programs the procedure for filing a complaint with the
24 appropriate commission.

25 (c) Applications for licenses shall be in the form
26 prescribed by the appropriate commission and shall contain
27 information, material or evidence as the appropriate commission
28 may require. The term "racing week" shall include Sunday at the
29 discretion of the licensed corporation.

30 (d) In considering an application for a license to a

1 corporation, the commissions may give consideration to the
2 number of licenses already granted. No license shall be granted
3 to any track located within ten miles of a State, county or
4 other political subdivision fair conducting horse racing unless
5 the association, corporation, society, political subdivision or
6 State agency conducting the fair shall affirmatively waive
7 objection to the issuance of the license for dates within the
8 period.

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

11 (1) Any officer, director, member or stockholder of the
12 corporation applying for a license or of any corporation
13 which owns stock in or shares in the profits, or participates
14 in the management of the affairs of the applicant, or which
15 leases to the applicant the track where it shall operate:

16 (i) has been convicted of a crime involving moral
17 turpitude;

18 (ii) has engaged in bookmaking or other forms of
19 illegal gambling;

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

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

26 (v) has violated any rule, regulation or order of
27 the commissions.

28 (2) The experience, character or fitness of any officer,
29 director or stockholder of any of the corporations is such
30 that the participation of the person in horse racing or

1 related activities would be inconsistent with the public
2 interest, convenience or necessity or with the best interests
3 of racing. If the commission determines that the interest of
4 any stockholder referred to in this paragraph or in paragraph
5 (1) is insufficient to affect adversely the conduct of pari-
6 mutuel horse racing by the corporation in accordance with the
7 provisions of this act, the commissions may disregard the
8 interest in determining whether or not to grant a license to
9 the corporation.

10 (3) The applicant is not the owner or the lessee of the
11 track at which it will conduct pari-mutuel horse racing under
12 the license applied for, or that any person, firm,
13 association or corporation other than the applicant shares,
14 or will share, in the profits of the applicant, other than by
15 dividends as a stockholder, or participates, or will
16 participate in the management of the affairs of the
17 applicant.

18 (4) The corporation does not have the use of a facility
19 to conduct horse race meetings. Such use must be proved by a
20 preponderance of the evidence. The proof may be demonstrated
21 by documentation of an ownership interest in the facility or
22 by a written lease for use of the facility.

23 (5) A licensed corporation does not have proof of a
24 written lease of a facility to conduct horse race meetings.
25 Under this paragraph, the appropriate commission may suspend
26 a license for a period of two years. After the expiration of
27 the suspension, the appropriate commission may then revoke
28 the license, if the licensed corporation has failed to
29 contract for a facility at which to conduct horse race
30 meetings.

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

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

6 (1) To any corporation, the charter or certificate of
7 incorporation of which shall fail to contain a provision
8 requiring any stockholder, upon written demand of the
9 corporation, to sell his stock to the corporation at a price
10 to be fixed by the appropriate commission, provided the
11 demand be made pursuant to written direction of the
12 appropriate commission and from the date of the making of the
13 demand prohibiting the transfer of the certificate of stock
14 except to the corporation.

15 (2) To any corporation which, having been a licensee,
16 has failed, in the opinion of the appropriate commission, to
17 properly maintain its track and plant in good condition or
18 has failed to make adequate provision for rehabilitation and
19 capital improvements to its track and plant.

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

24 (h) The commissions shall have power to direct that every
25 certificate of stock of a licensed corporation shall bear a
26 legend, plainly and prominently imprinted upon the face of the
27 certificate, reading: "This certificate of stock is transferable
28 only subject to the provisions of the 'Race Horse Industry
29 Reform Act'." The provisions of this subsection shall not apply
30 to stock heretofore issued by a licensed corporation under the

1 provisions of the act of December 11, 1967 (P.L.707, No.331), as
2 amended, and referred to as the Pennsylvania Thoroughbred Horse
3 Racing Law or of the act of December 22, 1959 (P.L.1978,
4 No.728), as amended, and referred to as the Pennsylvania Harness
5 Racing Law.

6 Section 210. Shareholders.

7 (a) Each licensed corporation shall, once a year, provide
8 the appropriate commission with a complete list of all its
9 shareholders, indicating the number of shares by each
10 shareholder.

11 (b) It shall be the duty of each licensed corporation within
12 ten days after any transfer of stock comprising an interest of
13 5% or more in such licensee, to notify the appropriate
14 commission of the transfer.

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

1 (d) No property rights shall exist in any shares of stock of
2 any licensed corporation which are held in trust contrary to the
3 provisions of this section and the same shall be forfeited to
4 the Commonwealth after reasonable notice and upon hearing and
5 proof thereof in any suit instituted by the Attorney General of
6 Pennsylvania. Upon it being established that the stock is
7 subject to forfeiture by legal adjudication, the appropriate
8 commission shall sell the forfeited stock at public sale, upon
9 proper notice, to the highest bidder. The proceeds from the sale
10 shall be deposited in the General Fund of the Commonwealth of
11 Pennsylvania.

12 (e) As used in this section, the term "licensed corporation"
13 shall include any licensed corporation as defined in section 102
14 and also any firm, association or corporation which owns or
15 leases to any licensed association or corporation a race track
16 at which pari-mutuel racing is conducted, or any firm,
17 association or corporation which participates in the management
18 of any such licensed corporation.

19 Section 211. Prohibition of interest by public officers, public
20 employees and party officers in pari-mutuel racing
21 activities.

22 (a) No public officer, public employee or party officer
23 shall:

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

26 (2) own or hold, directly or indirectly, any proprietary
27 interest, stock or obligation of any firm, association or
28 corporation:

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

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

4 (iii) which owns or leases to any licensed
5 association or corporation a race track at which pari-
6 mutuel racing is conducted; or

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

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

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

15 The provisions of paragraph (3) shall not apply to a public
16 employee other than a police officer or paid employee of a
17 police department, sheriff's office, district attorney's office
18 or other law enforcement agency so long as such employment of
19 employees of a political subdivision may be prohibited by
20 ordinance, resolution or local law.

21 (b) A knowing and willful violation of this section shall be
22 cause for removal from public office, public employment or party
23 office. In any such case, the public officer, public employee or
24 party officer, violating this section, shall be removed from
25 office by appropriate authority having the power of removal.

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

29 "Party officer." The following members or officers of any
30 political party:

1 (1) a member of a national committee;

2 (2) a chairman, vice-chairman, secretary, treasurer or
3 counsel of a State committee or member of the executive
4 committee of a State committee;

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

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

9 "Public employee." Every person employed by the Commonwealth
10 or any political subdivision thereof.

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

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

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

22 Section 212. Officials at horse race meetings.

23 (a) At all thoroughbred horse race meetings licensed by the
24 State Horse Racing Commission, qualified judges and starters
25 shall be approved by the commission. These officials shall
26 enforce the rules and regulations of the State Horse Racing
27 Commission and shall render written reports of the activities
28 and conduct of such race meetings to the State Horse Racing
29 Commission. The compensation of these judges and starters shall
30 be paid by the corporation conducting the race meeting.

1 (b) At all harness race meetings licensed by the State
2 Harness Racing Commission, qualified judges and starters shall
3 be approved by the commission. No person shall be approved as a
4 judge or starter unless he is licensed by the United States
5 Trotting Association as a duly qualified pari-mutuel race
6 meeting official. The officials shall enforce the rules and
7 regulations of the State Harness Racing Commission and shall
8 render regular written reports of the activities and conduct of
9 the race meetings to the State Harness Racing Commission. The
10 compensation of the presiding judge and two associate judges at
11 each race track shall be fixed and paid by the State Harness
12 Racing Commission. The commission shall adopt a selection
13 process to approve the appointment of these officials. The
14 licensed corporations shall participate in this selection
15 process for approval of these officials.

16 Section 213. Licenses for commissioners, employees and
17 participants at horse race meetings.

18 (a) Each commission shall license trainers, jockeys,
19 drivers, persons participating in thoroughbred and harness horse
20 race meetings, horse owners and all other persons and vendors
21 exercising their occupation or employed at thoroughbred and
22 harness horse race meetings. The license gives its holder a
23 privilege to engage in the specified activity, but the license
24 does not give its holder a property right. Licenses are not
25 transferable. Each commission shall fix the license fees to be
26 paid by persons or corporations so licensed; provided, however,
27 that such occupational license fees shall not exceed \$100. All
28 fees shall be paid to the commissions and by them paid into the
29 State Treasury through the Department of Revenue and credited to
30 the State Racing Fund. The application shall be in the form and

1 contain the information as each commission may require.
2 Applicants must have their fingerprints taken or have
3 fingerprint records on file with the respective commission, the
4 Federal Bureau of Investigation, the State Police or any other
5 organization recognized by the respective commission as part of
6 the background investigation. Each commission may exempt
7 applicants from the fingerprint requirement for positions not
8 related to the care or training of horses, racing, wagering,
9 security or the management operations of the racing corporation
10 or racetrack. All licenses shall be issued for three-year terms
11 and shall be automatically renewed, upon payment of the required
12 fee, unless subsection (f) applies. Each commission may
13 establish a temporary license and fee valid for four months
14 within a twelve-month period. No applicant, however, may receive
15 more than one temporary license within 12 months of the issuance
16 of his or her preceding temporary license. The commissions may
17 also stagger the termination dates and renewal dates of the
18 licenses, in order to process and issue the licenses in an
19 orderly manner that provides for approximately one-third of the
20 licenses to be renewed each year. The commissions shall fix the
21 manner by which licenses are processed and issued by rule or
22 regulation.

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

28 (c) If the commissions find that the experience, character
29 and general fitness of the applicant are such that the
30 participation of the person in horse race meets is consistent

1 with the public interest, convenience and necessity, and with
2 the best interests of racing generally in conformity with the
3 purposes of this act, it may grant a license.

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

6 (1) Has been convicted of a crime involving moral
7 turpitude.

8 (2) Has engaged in bookmaking or other form of illegal
9 gambling.

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

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

16 (5) Has violated any rule, regulation or order of the
17 commissions.

18 (d.1) The commissions shall refuse to issue a license under
19 this section if they shall find that the applicant has been
20 convicted of an offense relating to fixing races. This
21 subsection shall not apply if the conviction is overturned on
22 appeal under the laws of the jurisdiction of the original
23 finding.

24 (e) Each commission shall have the right to inspect all
25 contracts between licensed corporations and vendors for goods
26 and services. Each commission shall require by rule or
27 regulation that vendors disclose to the appropriate commission
28 all principal officers and a description of their interests in
29 the vendors' business. Failure to properly disclose this
30 information shall constitute grounds to deny, to revoke or to

1 suspend any vendor's license issued under the provisions of this
2 act.

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

5 (1) The applicant or licensee:

6 (i) has been convicted of a crime involving moral
7 turpitude;

8 (ii) has engaged in bookmaking or other form of
9 illegal gambling;

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

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

16 (v) has violated any rule, regulation or order of
17 the commissions; or

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

20 (2) That the experience, character or general fitness of
21 any applicant or licensee is such that the participation of
22 the person in horse racing or related activities would be
23 inconsistent with the public interest, convenience or
24 necessity or with the best interests of racing.

25 (f.1) The commissions shall suspend, refuse to renew or
26 revoke a license issued under this section if it shall determine
27 that the applicant or licensee has been convicted of an offense
28 related to fixing races unless the conviction has been
29 overturned on appeal under the laws of the jurisdiction of the
30 original finding.

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

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

8 (i) The commissions shall not grant licenses to citizens of
9 states that do not grant licenses to citizens of this
10 Commonwealth on the basis of in-state preference.

11 Section 214. Power of commissions to impose fines and
12 penalties.

13 (a) In addition to their power to suspend or revoke licenses
14 granted by them, the commissions are authorized and empowered to
15 impose fines upon any corporation, association or person
16 participating in any way in any horse race meet at which pari-
17 mutuel wagering is conducted, other than as a patron and whether
18 licensed by the commissions or not, for a violation of any
19 provision of this act or the rules and regulations promulgated
20 by the commissions, not exceeding \$5,000 for each violation,
21 which fines shall be paid into the State Treasury through the
22 Department of Revenue and credited to the General Fund.

23 Following exhaustion of any administrative remedies promulgated
24 by the commissions for such purpose, the action of the
25 commissions in imposing any monetary fine shall be subject to
26 appeal to the Commonwealth Court and as approved by that court
27 system, or if no court appeal is taken, then as imposed, may be
28 collected in an action of assumpsit.

29 (b) No officer or employee of a licensed corporation or
30 their spouses, parents, fathers-in-law, mothers-in-law, sons,

1 daughters, sons-in-law or daughters-in-law shall have any direct
2 or indirect interest in a race horse that is participating in a
3 race at a meet at which such person or heretofore-mentioned
4 relative holds any interest in the licensed corporation
5 conducting the meet and/or the track facility. An officer or
6 employee of a licensed corporation or their spouses, parents,
7 fathers-in-law, mothers-in-law, sons, daughters, sons-in-law or
8 daughters-in-law may have an interest in a race horse and enter
9 it at meets that are conducted by licensed corporations or at
10 race tracks in which such a person or heretofore-mentioned
11 relative holds no direct or indirect interest. Each commission
12 shall impose a fine or penalty upon any person for violation of
13 this subsection as provided for under subsection (a). For
14 purposes of this subsection an interest shall not include:

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

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

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

22 (a) The commissions and any licensed corporations are
23 authorized and empowered to employ persons as security
24 personnel. These persons shall possess the powers and duties of
25 a peace officer with respect to the enforcement of the criminal
26 laws of the Commonwealth within the race meeting grounds or
27 enclosure. The designated persons are also authorized to
28 interrogate and eject from the race meeting grounds or enclosure
29 any persons suspected of violating any rule or regulation
30 promulgated by the commissions. The commissions may refuse

1 admission to and eject from enclosure of the race track operated
2 by any licensed corporation, any person whose presence there is,
3 in the judgment of the commission, inconsistent with the orderly
4 or proper conduct of a race meeting or whose presence or conduct
5 is deemed detrimental to the best interest of horse racing. The
6 action of the commissions in refusing any person admission, or
7 ejecting him from, a race meeting ground or enclosure shall not
8 be because of the race, creed, color, sex, national origin or
9 religion of that person and shall be reviewable by the
10 Commonwealth Court.

11 (b) Except as provided for in subsections (c) and (d), any
12 licensed corporation may refuse admission to and eject from the
13 enclosure of the race track operated by any association any
14 person except that no person shall be refused admission or be
15 ejected because of the race, color, creed, sex, national origin
16 or religion of that person.

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

30 (d) A licensed corporation may not refuse admission to or

1 eject a law enforcement official while that official is actually
2 engaged in the performance of official duties.

3 (e) A person found within a race track enclosure after
4 having been refused admission thereto or ejected therefrom
5 shall, upon conviction thereof in a summary proceeding, be
6 sentenced to pay a fine not exceeding \$300 or undergo
7 imprisonment for a term not exceeding 90 days, or both.

8 Section 216. Interstate simulcastings of horse races.

9 Each commission may, upon request by any licensed
10 corporation, grant permission for electronically televised
11 simulcasts of horse races to be operated by the licensed
12 corporation at the race track enclosure where a horse race
13 meeting is being conducted during, between, before or after
14 posted races for that racing day. The posted races for that
15 racing day shall include a minimum of eight live races, except,
16 at thoroughbred tracks on the one day designated as Breeders'
17 Cup Event Day, there shall be a minimum of five live races. The
18 simulcasts shall be limited to horse races conducted at
19 facilities outside this Commonwealth and televised to race track
20 enclosures within this Commonwealth. The simulcasts shall also
21 be limited to thoroughbred races designated as Grade I stakes,
22 or the international equivalent thereto, with purses of at least
23 \$100,000; standard bred races with purses of at least \$100,000;
24 and other stakes races which have, in the opinion of the
25 appropriate commission, significant value to the Pennsylvania
26 racing industry. Cross simulcasting of the aforementioned races
27 shall be permitted as long as the particular race is available
28 to all race tracks in the Commonwealth which are operating live
29 racing that day. All simulcasts of horse races from outside this
30 Commonwealth shall also comply with the provisions of the

1 Interstate Horse Racing Act of 1978, 92 Stat. 1811, 15 USC 3001
2 et seq. All forms of pari-mutuel wagering as described under
3 section 221 shall be allowed on horse races to be televised by
4 simulcasting. Each commission may promulgate rules or
5 regulations to regulate the wagering and the operation of these
6 horse races. All moneys wagered by patrons on these horse races
7 shall be computed in the amount of money wagered each racing day
8 for purposes of taxation under section 222.

9 Section 216.1. Televised international and interstate
10 simulcastings of horse races.

11 (a) Each commission may, upon request by a licensed
12 corporation, grant permission to maintain common pari-mutuel
13 pools on international and interstate races transmitted to and
14 from the racetrack enclosures within this Commonwealth, such
15 licensed corporation to be designated as the "host licensee."
16 The permission to act as host licensee for international and
17 interstate simulcast races shall be limited to licensed
18 corporations:

19 (1) which have a live racing agreement with a horseman's
20 organization representing a majority of owners and trainers
21 at the facility where the licensed corporation conducts
22 racing dates;

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

27 (3) which, subject to actions or activities beyond the
28 control of the licensee, conduct not less than eight live
29 races per race date during each meet at the facility where
30 the licensed corporation conducts racing dates, except for

1 thoroughbred tracks on the day designated as Breeder's Cup
2 Event Day, when the facility shall hold a minimum of five
3 live races.

4 A horseman's organization representing a majority of owners and
5 trainers at a racetrack may consent to waiving or modifying the
6 provisions pertaining to the required number of racing days and
7 races per day scheduled by a licensed corporation at that
8 racetrack.

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

26 (c) All moneys wagered by patrons in this Commonwealth on
27 these horse races shall be computed in the amount of money
28 wagered each racing day for purposes of taxation under section
29 222 and all thoroughbred races shall be considered a part of a
30 thoroughbred horse race meeting and all harness races shall be

1 considered a part of a harness horse race meeting for purposes
2 of section 222(b) (5).

3 Section 217. Refunds.

4 (a) Money received by the commissions may, within one year
5 from receipts thereof, be refunded, to the party for whose
6 account the same were received, on proof satisfactory to the
7 commissions that:

8 (1) the moneys were in excess of the amount required by
9 law;

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

12 (3) the moneys were received as a fine and the
13 commission has, after review, reduced the amount of the fine;
14 or

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

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

20 Section 218. Place and manner of conducting pari-mutuel
21 wagering.

22 (a) Every licensed corporation shall provide during a horse
23 race meeting a place or places within the race track enclosure
24 at which the licensed corporation shall conduct the pari-mutuel
25 system of wagering by its patrons on the results of horse races
26 held at such meetings or televised to the race track enclosure
27 by simulcasting. The licensed corporation shall erect a sign or
28 board upon which shall be displayed the approximate straight
29 odds on each horse in any race; the value of a winning mutuel
30 ticket, straight, place or show on the first three horses in the

1 race; the elapsed time of the race; the value of a winning daily
2 double ticket, if a daily double be conducted, and any other
3 information that the commissions may deem necessary for the
4 guidance of the general public. The commissions may prescribe,
5 by rule, the type and kind of equipment to be used for the
6 display of the foregoing information.

7 (b) Each commission may upon request by any licensed
8 corporation grant permission to the licensed corporation to
9 conduct a telephone account wagering system: Provided, however,
10 That all telephone messages to place wagers must be to a place
11 within the race track enclosure: And further provided, That all
12 moneys used to place telephone wagers be on deposit in an amount
13 sufficient to cover the wager at the race track where the
14 account is opened. Each commission may promulgate rules or
15 regulations to regulate telephone account wagering. All moneys
16 wagered as a result of telephone account wagering shall be
17 included in the amount wagered each racing day for purposes of
18 taxation under section 222 and shall be included in the same
19 pari-mutuel pools for each posted race. All telephone account
20 wagering systems shall be solely operated by the licensed
21 corporations.

22 (c) A licensed corporation shall only accept and tabulate a
23 wager by a direct telephone call from the holder of a telephone
24 wagering account. No person shall directly or indirectly act as
25 an intermediary, transmitter or agent in the placing of wagers
26 for a holder of a telephone wagering account. No person shall in
27 any manner place any wager by telephone to a facility in the
28 race track enclosure on behalf of a holder of a telephone
29 wagering account. Only the holder of a telephone wagering
30 account shall place a telephone wager. Any person violating this

1 subsection shall be guilty of a misdemeanor of the first degree.

2 (d) A licensed corporation shall not accept a telephone
3 wager from, nor establish a telephone betting account for, any
4 person located in or residing in an area defined herein as the
5 primary market area of a race track, other than the race track
6 at which the licensed corporation is conducting a racing meet.
7 Nothing herein shall prohibit the licensed corporation from
8 accepting a telephone wager from, or establishing a telephone
9 betting account for, any person located in or residing in the
10 primary market area of the track at which the licensed
11 corporation is conducting a meet and, if two tracks share
12 primary market area as defined herein, both tracks shall have
13 equal rights to the market in the shared area.

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

18 (f) The secondary market area of a racetrack, for purposes
19 of this act, is defined as that land area included in a circle
20 drawn with the racetrack as the center and a radius of 50 air
21 miles, but not including the primary market area of the
22 racetrack.

23 (g) Notwithstanding any other provisions of this act to the
24 contrary, upon approval by the appropriate commission, a
25 licensed corporation may establish one or more nonprimary
26 locations at which it shall conduct pari-mutuel wagering on all
27 horse races conducted by such licensed corporation and may
28 conduct pari-mutuel wagering on horse races conducted by another
29 licensed corporation, which horse races may be televised to the
30 locations, or on horse races simulcast to the locations pursuant

1 to section 216, provided that:

2 (1) No licensed corporation may establish nonprimary
3 locations within the primary market area, as set forth in
4 subsection (e), of any racetrack other than a racetrack at
5 which the licensed corporation conducts race meetings.
6 Establishment of a nonprimary location by a licensed
7 corporation within the primary market area of a racetrack at
8 which the licensed corporation conducts race meetings shall
9 require approval of the commission regulating the activities
10 of such licensed corporation.

11 (2) Any licensed corporation may establish a nonprimary
12 location within the secondary market area of a racetrack as
13 set forth in subsection (f), provided that the nonprimary
14 location is approved by both the State Harness Racing
15 Commission and the State Horse Racing Commission.

16 (3) Any licensed corporation may establish a nonprimary
17 location in areas outside the primary and secondary market
18 areas of any racetrack, provided that the location is
19 approved by the commission which regulates the activities of
20 the licensed corporation establishing the location.

21 (4) Where a site is approved by the commission as a
22 nonprimary location established by more than one licensed
23 corporation, by agreement between the licensed corporations
24 and with the approval of the appropriate commission, one
25 licensed corporation may operate the pari-mutuel equipment
26 for one or more of the licensed corporations at that
27 location, but the location may still be considered a part of
28 the racetrack enclosure of each of the licensed corporations
29 approved to conduct pari-mutuel wagering at that location.

30 (5) (i) Any licensed corporation, planning to establish

1 a nonprimary location, shall submit to the appropriate
2 commission a nonprimary location statement in a form
3 prescribed by the appropriate commission which specifies,
4 but is not limited to, the following:

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

7 (B) The population of the town or municipality,
8 and surrounding area, where the proposed facility is
9 to be located.

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

12 (D) The type of seating to be provided,
13 including areas in the proposed facility where
14 patrons can handicap races.

15 (E) The total seating capacity of the proposed
16 facility.

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

18 (G) The availability of food and beverages,
19 including the number of tables, chairs, kitchen
20 facilities and concession stands.

21 (H) The number of available parking spaces.

22 (I) A description of the general demeanor of the
23 facility, including lighting, decor and plans for the
24 exterior of the facility.

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

27 (K) A description of the heating and air
28 conditioning units, the smoke removal equipment and
29 other climate control devices.

30 (L) The total square feet of the proposed

1 facility.

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

29 (iii) In determining whether the nonprimary location
30 statement meets the legislative intent of this amendatory

1 act, the appropriate commission shall consider factors
2 which include, but are not limited to, the following:

3 (A) The purposes and provisions of this
4 amendatory act.

5 (B) The public interest.

6 (C) The integrity of live racing.

7 (D) The impact on the local community.

8 (E) The potential for job creation.

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

11 (iv) In considering whether the appropriate
12 commission will grant, suspend or revoke approval of
13 nonprimary locations, the provisions of section 209(f)(2)
14 shall apply. In connection therewith, the commission
15 shall annually conduct inspections of the primary
16 facility.

17 (v) The rights, duties and obligations of the
18 appropriate commission, as set forth in this amendatory
19 act, shall apply to nonprimary locations and any
20 employees or vendors of the licensed corporation
21 establishing the nonprimary location.

22 (6) (i) In addition to the requirements of paragraph
23 (10), any licensed corporation which is authorized to
24 conduct racing at any primary racetrack location at which
25 there has not been, in the previous calendar year, a
26 minimum of 142 days of live racing shall not be eligible
27 to establish nonprimary locations outside its primary
28 market area and shall only be eligible to establish
29 nonprimary locations within its primary market area
30 according to the following schedule.

Year	Number of live racing days conducted	Number of days in subsequent year permitted to operate nonprimary locations within primary market area	Number of live racing days conducted	Number of days in subsequent year permitted to operate nonprimary locations within primary market area
1988	50	365		
1989	69	365	Under 69	307
1990	88	365	Under 88	259
1991	107	365	Under 107	191
1992	126	365	Under 126	133
1993	142	365	Under 142	75

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

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

(ii) In addition to the nonprimary locations

1 authorized by subparagraph (i), during each of the
2 calendar years 1989 and 1990, the appropriate commission
3 may approve no more than one additional nonprimary
4 location per primary racetrack location, for one licensed
5 corporation authorized to conduct racing at the primary
6 racetrack location.

7 (iii) The General Assembly may, at any time, stop
8 the further approval of any nonprimary locations. The
9 State Harness Racing Commission and the State Horse
10 Racing Commission shall not have the authority to approve
11 any greater number of nonprimary locations after December
12 31, 1990, unless further authorized by the General
13 Assembly.

14 (iv) It shall be the duty of both the State Harness
15 Racing Commission and the State Horse Racing Commission
16 to annually report to the General Assembly on the effect
17 of nonprimary locations on such factors as the local
18 economy, the public interest and the integrity of live
19 racing, and make suggestions and recommendations.

20 (8) (i) Moneys wagered at all primary and nonprimary
21 locations pursuant to this act shall be included in
22 common pari-mutuel pools. All money wagered by patrons on
23 these races shall be computed in the amount of money
24 wagered each racing day for purposes of taxation under
25 section 222. The licensed corporation conducting the race
26 meeting and maintaining the pari-mutuel pools shall
27 maintain accurate records of the amount wagered in each
28 pool from every primary and nonprimary location.

29 (ii) The retained moneys as provided for in section
30 222(e) shall be calculated for each location where pari-

1 mutuel wagering is being conducted. If wagering has taken
2 place at a nonprimary location where the wagering is
3 conducted by a licensed corporation other than the
4 licensed corporation conducting the race meeting, the
5 licensed corporation conducting the race meeting shall
6 retain any moneys to which it is entitled by agreement
7 between such licensed corporations and shall pay over the
8 balance of the retained moneys to the licensed
9 corporation conducting the wagering at the nonprimary
10 location.

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

1 the horseman's organization representing a majority of
2 owners and trainers at the racetrack, or in accordance
3 with the practice of the parties, where the race meeting
4 is being conducted to be used for the payment of purses
5 at that racetrack and one-half to such horseman's
6 organization, or in accordance with the practice of the
7 parties, at the racetrack within the primary market area
8 to be used for the payment of purses at that racetrack.
9 Nothing in this subparagraph shall prevent a licensed
10 corporation from agreeing to distribute amounts greater
11 than the percentages set forth in this subparagraph.
12 However, if no alternative agreement has been reached,
13 the total percentage paid for purses under this
14 subparagraph shall be in accordance with the minimum
15 percentages set forth in this subparagraph.

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

1 (10) The provisions of section 234 relating to the
2 required number of racing days apply to this subsection.
3 However, a horseman's organization representing a majority of
4 owners and trainers at a racetrack may consent to waiving or
5 modifying the provisions as pertaining to the required number
6 of racing days scheduled by a licensed corporation at that
7 racetrack.

8 Section 218-A. Wagering at nonprimary locations.

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

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

24 (2) during the 1986 racing season, any such activities
25 are limited to areas, accounts and credit arrangements for
26 which applications are submitted to the appropriate
27 commission prior to June 1, 1986, and which are subsequently
28 approved by the respective commission after appropriate
29 investigation and review.

30 (b) Regulations authorizing activities subject to the

1 moratorium provided by subsection (a) shall not be published for
2 Notice Of Proposed Rulemaking until completion of the evaluation
3 as required by subsection (c). Nothing in this section shall be
4 construed to expand or enlarge any regulatory authority
5 otherwise conferred upon the respective commissions by this act.

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

1 Committee of the House of Representatives. The evaluation shall
2 include, but not be limited to, an investigation and study of
3 the following matters:

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

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

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

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

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

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

30 (7) Patron betting behavior and satisfaction or abuse of

1 telephone account wagering, transfer accounts, credit or
2 debit cards or other forms of electronic signal transmissions
3 for the purpose of pari-mutuel wagering.

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

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

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

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

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

22 Every corporation that conducts a horse race meeting at which
23 pari-mutuel wagering is authorized, shall keep books and records
24 so as to clearly show by separate record the total amount of
25 money contributed to every pari-mutuel pool. The Department of
26 Revenue or its authorized representative shall have access to
27 all books and records for the purpose of examining the same and
28 ascertaining whether the proper amount due to the State is being
29 paid by the licensed corporation.

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

1 Every corporation licensed to conduct horse race meetings at
2 which pari-mutuel wagering is permitted shall promptly after
3 entering any lease agreement concerning any concession, labor
4 management relation, hiring of designated classes of officers,
5 employees or contractors specified by the commissions or any
6 such other contract or agreement as the commissions may
7 prescribe, file with the appropriate commission a true and
8 correct copy, or an accurate summary, if oral.

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

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

13 (1) all tickets shall be presented for payment before
14 the first day of April of the year following the year of
15 their purchase; and

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

19 (3) nineteen percent of the moneys plus the breakage
20 from regular wagering pools from licensed corporations whose
21 total deposits in all pari-mutuel pools averaged less than
22 \$300,000 per racing day for their previous meeting at the
23 same facility; or

24 (4) twenty percent of the moneys plus the breakage from
25 the exacta, daily double, quinella and other wagering pools
26 involving two horses each racing day shall be retained by the
27 licensed corporations for further distribution under section
28 222; or

29 (5) at least 26% but no more than 35% of the moneys plus
30 the breakage from the trifecta or other wagering pools

1 involving more than two horses in one or more races each
2 racing day shall be retained by the licensed corporations for
3 further distribution under section 222; and

4 (6) except as provided for in subsection (d.1) of
5 section 222, every corporation may retain less than 17%, 19%
6 or 20% of the moneys in the wagering pools under paragraphs
7 (2), (3) and (4) or less than 26% of the moneys in the
8 wagering pools under paragraph (5) upon approval from the
9 appropriate commission; and

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

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

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

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

23 Section 222. Distribution of moneys retained from pari-mutuel
24 pools; taxation.

25 (a) There is hereby created the State Racing Fund. All
26 licensed corporations that conduct harness race meetings shall
27 pay a tax through the Department of Revenue for credit to the
28 State Racing Fund. All licensed corporations that conduct
29 thoroughbred horse race meetings shall pay a tax through the
30 Department of Revenue for credit to the State Racing Fund. The

1 tax imposed on all licensed corporations shall be a percentage
2 tax on the amount wagered each racing day and be paid from the
3 moneys retained under section 221.

4 (a.1) At the close of each day of racing, all corporations
5 licensed to conduct harness horse race meetings or thoroughbred
6 horse race meetings which annually conduct at least 100 days of
7 racing, or when two licensed corporations conduct their race
8 meetings at the same facility and between them annually conduct
9 at least 175 days of racing, will pay out of the moneys retained
10 on that day under section 221, through the Department of Revenue
11 for credit to the State Horse Racing Fund the following taxes
12 for the time periods stated:

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

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

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

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

24 (a.3) For purposes of this section, a racing day shall be
25 considered conducted after the appropriate commission has
26 certified the allocation of racing days to the Secretary of the
27 Department of Revenue under the provisions of section 207(b)
28 even if the racing day is subsequently cancelled by the licensed
29 corporation for reasons beyond its control.

30 (a.4) Any corporation which does not hold a license under

1 section 209 on the effective date of this act and which is
2 granted a license under this act shall be subject to payment out
3 of moneys retained under section 221, through the Department of
4 Revenue for credit to the State Horse Racing Fund, of the
5 following tax for a period of four years from the issuance date
6 of the license - 1.0%, at which time said licensee shall be
7 subject to the lawful rate then in effect under subsection (a.1)
8 (3).

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

22 (b) The commissions shall distribute moneys from the State
23 Racing Fund, together with the interest earned thereon, in the
24 following manner:

25 (1) The salaries of employees of the commission employed
26 by or for it under the provisions of this act and the act of
27 April 9, 1929 (P.L.177, No.175), known as "The Administrative
28 Code of 1929," net of any income earned or received by the
29 commission.

30 (2) The payment of the compensation of employees of the

1 Department of Revenue when used in collecting taxes and
2 penalties imposed by this act.

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

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

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

10 (i) An amount equivalent to one percent of the
11 amount wagered each racing day at thoroughbred horse race
12 meetings shall be paid by the Horse Racing Commission
13 from the State Racing Fund through the Department of
14 Revenue for credit to the Pennsylvania Breeding Fund.

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

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

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

26 (1) Fifty percent of the breakage shall be retained by
27 the licensed corporations.

28 (2) Twenty-five percent of the breakage shall be
29 retained by the licensed corporations to be used solely for
30 purses to the horsemen.

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

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

7 (1) Fifty percent of the breakage shall be retained by
8 the licensed corporations.

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

14 (i) On January 1, 1982, and thereafter at least five
15 of the horses programmed to start shall be Pennsylvania-
16 sired horses. If at least five of the horses programmed
17 to start are not Pennsylvania-sired horses, then the
18 licensed corporation conducting the meet shall cancel the
19 race.

20 (ii) On January 1, 1983, and thereafter at least
21 seven of the horses programmed to start shall be
22 Pennsylvania-sired horses. If at least seven of the
23 horses programmed to start are not Pennsylvania-sired
24 horses, then the licensed corporation conducting the meet
25 shall cancel the race.

26 (iii) On January 1, 1984, and thereafter, only
27 Pennsylvania-sired horses shall be allowed to start in
28 these races. If all the positions are not filled by
29 Pennsylvania-sired horses in these races, then the
30 licensed corporation conducting the meet shall cancel the

1 race.

2 All breakage moneys due licensed corporations for the purses for
3 claiming and nonclaiming races under this paragraph but not
4 expended as a result of a race cancellation shall be carried
5 forward to the next succeeding meet by the licensed corporations
6 to be used for claiming and nonclaiming races which restrict
7 entry to Pennsylvania-sired horses under the provisions of this
8 paragraph.

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

14 (e) All remaining moneys retained under section 221 and not
15 heretofore distributed shall be kept by the licensed
16 corporations for their use.
17 Section 223. Pennsylvania Breeding Fund.

18 (a) There is hereby created a restricted account in the
19 State Racing Fund to be known as the Pennsylvania Breeding Fund
20 which shall consist of the money appropriated under the
21 provisions of section 222 and which shall be administered by the
22 State Horse Racing Commission.

23 (b) After the deduction of expenses related to the
24 administration and development of the Pennsylvania Breeding Fund
25 program incurred by the Pennsylvania Horse Breeders'
26 Association, the State Horse Racing Commission shall, by rule or
27 regulation, provide for awards as follows:

28 (1) An award of 30% of the purse earned by every
29 registered Pennsylvania-bred thoroughbred horse sired by a
30 registered Pennsylvania sire at the time of conception of the

1 registered Pennsylvania-bred thoroughbred horse, or an award
2 of 20% of the purse earned by every registered Pennsylvania-
3 bred thoroughbred horse sired by a nonregistered sire, which
4 finishes first, second or third in any race conducted by a
5 licensed corporation under this act shall be paid to the
6 breeder of said registered Pennsylvania-bred thoroughbred
7 horse. A single award under this paragraph may not exceed 1%
8 of the total annual fund money.

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

17 (3) An award of 10% of the purse earned by any
18 registered Pennsylvania-bred thoroughbred horse which
19 finishes first in any race conducted by a licensed
20 corporation under this act not restricting entry to
21 registered Pennsylvania-bred thoroughbred horses shall be
22 paid to the licensed owner of said registered Pennsylvania-
23 bred thoroughbred horse at the time of winning. A single
24 award under this paragraph may not exceed .5% of the total
25 annual fund money.

26 (c) Up to one-fifth of the total of the estimated fund
27 moneys remaining each year after the deduction of expenses
28 related to the administration and development of the
29 Pennsylvania Breeding Fund program and the payment of breeder,
30 stallion and owner awards, shall be divided among the licensed

1 corporations that conduct thoroughbred horse race meetings in
2 direct proportion to the rate by which each licensed corporation
3 generated the fund moneys during the previous year to be used
4 solely for purses for Pennsylvania Breeding Fund stakes races
5 which restrict entry to registered Pennsylvania-bred
6 thoroughbred horses.

7 (d) The fund moneys remaining following disbursements as
8 directed in subsection (b)(1), (2) and (3) and subsection (c)
9 shall be divided among the licensed corporations that conduct
10 thoroughbred horse race meetings in direct proportion to the
11 rate by which each licensed corporation generated the fund
12 moneys during the previous year to be used for purses as
13 follows:

14 (1) Claiming and nonclaiming Pennsylvania Breeding Fund
15 races which restrict entry to registered Pennsylvania-bred
16 thoroughbred horses.

17 (2) Claiming and nonclaiming Pennsylvania Breeding Fund
18 races which prefer registered Pennsylvania-bred thoroughbred
19 horses as starters. In these races, should eight or more
20 registered Pennsylvania-bred horses pass the entry box, the
21 race shall be considered closed to horses other than
22 registered Pennsylvania-bred thoroughbred horses.

23 (e) Those Pennsylvania Breeding Fund moneys due licensed
24 corporations as outlined in subsections (c) and (d) but not
25 expended during the calendar year may be carried forth in the
26 fund on the account of said licensed corporations to be expended
27 during the succeeding year in addition to said corporations'
28 fund moneys annually due them for purses.

29 (f) The Pennsylvania Breeding Fund Advisory Committee, under
30 the jurisdiction of the State Horse Racing Commission, is hereby

1 established and shall be part of the Pennsylvania State Horse
2 Racing Commission. The commission shall consist of five members,
3 all of whom shall be residents of Pennsylvania, to be appointed
4 by the commission by June 1 of each year. The committee shall
5 consist of two members of the Pennsylvania Horse Breeders'
6 Association, one member from the licensed corporations, one
7 member from the association representing horsemen racing in
8 Pennsylvania and one member of the commission. If any member
9 other than the commission member has not been recommended by
10 June 1 of each year, the commission shall make an appointment
11 for the organization failing to so recommend a member of the
12 committee. The committee shall assist and advise the commission
13 under the provisions of this act but shall have no power in
14 administering the fund. The members of the committee shall
15 receive no compensation for their services as members.

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

1 Association for those expenses actually incurred in the
2 administration and development of the Breeding Fund program.
3 Section 224. Pennsylvania Sire Stakes Fund.

4 (a) There is hereby created a restricted account in the
5 State Racing Fund to be known as the Pennsylvania Sire Stakes
6 Fund which shall consist of the money appropriated under the
7 provisions of section 222 and which shall be administered by the
8 State Harness Racing Commission.

9 (b) Sixty percent of the money remaining in the excess fund
10 account of the Pennsylvania Sire Stakes Fund at the end of the
11 calendar year in which this subsection is enacted shall be
12 distributed to licensed corporations that conduct harness horse
13 race meetings to be used in the next succeeding calendar year as
14 purse money for Pennsylvania-sired horses. The remaining 40% of
15 the money in the excess fund account at the end of the calendar
16 year of the enactment of this subsection, together with the
17 interest earned on that money, shall be distributed to licensed
18 corporations that conduct harness horse race meetings to be used
19 in the next succeeding calendar year following the next
20 succeeding calendar year as purse money for Pennsylvania-sired
21 horses. After deduction of sufficient funds to cover the State
22 Harness Racing Commission's cost of administration, 80%, unless
23 a smaller percentage is necessary in order to comply with the
24 minimum dollar requirement of subsection (e), of all remaining
25 moneys in the Pennsylvania Sire Stakes Fund at the end of the
26 calendar year shall be distributed to licensed corporations that
27 conduct harness horse race meetings to be used as purse money
28 for Pennsylvania-sired horses. The State Harness Racing
29 Commission may then allocate up to a total of and not exceeding
30 40% of the total amount to be distributed to licensed

1 corporations in a calendar year for use for a series of
2 championship final races at the race tracks of licensed
3 corporations that conduct harness horse race meetings. The State
4 Harness Racing Commission shall allocate the moneys to these
5 championship final races in an equal amount for each sex, age
6 and gait for two- and three-year-old trotters and pacers. The
7 State Harness Racing Commission shall determine conditions
8 establishing eligibility to these final events. No pari-mutuel
9 harness track shall be awarded more than 50% of the championship
10 final races in any calendar year. The State Harness Racing
11 Commission shall schedule these final events so as to evenly
12 alternate classes at each race track each year. After the
13 allocation for the championship final races has been determined,
14 the remaining funds to be distributed to licensed corporations
15 that conduct harness horse race meetings shall be divided
16 equally among the licensed corporations. Each licensed
17 corporation shall divide the funds received equally for each of:

18 (1) 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 (2) four three-year-old races; one pace for colts, one
22 pace for fillies, one trot for colts and one trot for
23 fillies.

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

27 (d) Entry for these races shall be limited to harness horses
28 which were sired by a standardbred stallion regularly standing
29 in Pennsylvania and each race shall be designated a Pennsylvania
30 sire stakes race. The State Harness Racing Commission shall make

1 the provisions and regulations as it shall deem necessary for
2 the proper administration of the entry restriction.

3 (e) The remaining moneys in the Pennsylvania Sire Stakes
4 Fund up to a total of and not exceeding \$25,000 for each
5 agricultural fair and one- or two-day events as defined in
6 harness racing commission regulations shall be divided equally
7 among those agricultural fairs and one- or two-day events, not
8 to exceed more than five one- or two-day events per year and as
9 authorized by the State Harness Racing Commission, provided that
10 no more than two one-day or two-day events per county are
11 authorized unless, after a date established by the commission,
12 all five of the events have not been allocated, conducting
13 harness horse races for two-year-old and three-year-old harness
14 horses: Provided, however, That in no event shall less than
15 \$225,000 be allocated from the Pennsylvania Sire Stakes Fund and
16 be divided equally among those agricultural fairs and one- or
17 two-day events conducting these races. Each fair or one- or two-
18 day events receiving the funds shall divide the total amount
19 equally among all eligible races for two-year-old and three-
20 year-old harness horses and shall apply the funds solely as
21 additional purse funds. Only races to which entry is restricted
22 to Pennsylvania-sired horses shall be eligible. The State
23 Harness Racing Commission shall make the provisions and
24 regulations as it shall deem necessary for the proper
25 administration of all racing provided for in this subsection,
26 including, but not limited to, portable stall rentals at one-day
27 or two-day events.

28 (f) The fund moneys remaining following disbursements as
29 directed in subsections (b), (c), (d) and (e) shall, except as
30 provided in subsection (b), be divided among active licensed

1 corporations that conduct harness horse race meetings under this
2 act in direct proportion to the rate by which each licensed
3 corporation generated the fund moneys during the previous year.
4 The fund moneys so divided shall be used for purses as follows:

5 (1) A minimum of four races, claiming and nonclaiming,
6 shall be carded per week on the condition sheet for overnight
7 claiming and nonclaiming Pennsylvania Fund races which
8 restrict entry to registered Pennsylvania-sired or wholly
9 Pennsylvania-owned harness horses.

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

16 Section 225.1. Fair Fund proceeds.

17 The Secretary of Agriculture shall distribute certain moneys
18 in the Fair Fund annually, on or before March 1, for
19 reimbursement for each county agricultural society and each
20 independent agricultural society conducting harness horse racing
21 during its annual fair other than races for two- and three-year
22 old colts and fillies, an amount of money equal to that used
23 during their annual fair as purse money for harness horse
24 racing, track and stable maintenance, starting gate rental and
25 the cost of all harness horse racing officials required during
26 their annual fair, but not more than \$13,000, a minimum of
27 \$4,000 of which must be used for purse money and the balance of
28 said allotment per fair, not used for purse money over the
29 minimum \$4,000 allotment, shall be used for said specific
30 purposes herein before referenced, or otherwise said allotment

1 shall be retained in the fund. The State Harness Racing
2 Commission shall cause to be carried out as its responsibility a
3 yearly inspection of each track facility and shall advise each
4 operating fair of necessary track maintenance which is necessary
5 to insure adequate racing surface during the course of scheduled
6 fairs and racing events. If it is the opinion of the commission
7 that the fair society or event sponsor is not adequately
8 financing track maintenance through its permissible
9 reimbursement under this paragraph, the commission shall so
10 surcharge the Fair Fund account of said fair society or event
11 sponsor to effectuate said remediation.

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

13 If the commissions refuse to grant any license applied for
14 under this act, or shall revoke or suspend any license granted,
15 the applicant or licensee may demand, within ten days after
16 notice of the decision of the appropriate commission, a hearing
17 before the appropriate commission. The commission shall give
18 prompt notice of the time and place for the hearing at which
19 time the commission will hear the applicant or licensee. Pending
20 the hearing and final determination, the action of the
21 commissions in refusing to grant or in revoking or suspending a
22 license shall remain in full force. The commissions may continue
23 any hearing from time to time for the convenience of any of the
24 parties. Any of the parties affected by a hearing may be
25 represented by counsel. In the conduct of the hearing, the
26 commissions shall not be bound by technical rules of evidence,
27 but all evidence offered before the commissions shall be reduced
28 to writing. All evidence, exhibits and findings of the
29 commissions shall be permanently preserved and shall constitute
30 the record of the commission. In connection with the hearing,

1 the commissions shall have the power to administer oaths and
2 examine witnesses, and may issue subpoenas to compel attendance
3 of witnesses and the production of all material and relevant
4 reports, books, papers, documents, correspondence and other
5 evidence. The commissions may by order refer to one or more of
6 its officers the duty of taking testimony in the matter and to
7 report to the commission. Within 30 days after the conclusion of
8 the hearing, the appropriate commission shall make a final order
9 in writing, setting forth the reasons for the action taken by it
10 and a copy thereof shall be served on the applicant or licensee.
11 Section 227. Approval of the racing facility.

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

22 Section 228. Prohibition of wagering by certain officials,
23 employees and minors.

24 No commissioner, executive secretary, deputy, officer,
25 representative, employee or counsel of the commission shall
26 wager upon the outcome of any horse race conducted at a track at
27 which pari-mutuel wagering is conducted by any licensed
28 corporation of the commissions. No licensed corporation shall
29 permit any person who is actually and apparently under 18 years
30 of age to wager at a race meeting conducted by it. No licensed

1 corporation shall permit any person who is under 18 years of age
2 to attend a horse race meeting conducted by it unless the person
3 is accompanied by a parent or guardian. This section shall not
4 be construed to prohibit persons under 18 years of age, who are
5 legally employed, from being upon the race track premises for
6 the sole purpose of engaging in the performance of their duties
7 as employees. The commissions shall, by rule, provide for
8 enforcement of this section.

9 Section 229. State horse racing veterinarians and State
10 stewards.

11 (a) The State Horse Racing Commission shall appoint and
12 employ licensed veterinarians and stewards to serve as the horse
13 racing veterinarians and State stewards for horse racing,
14 respectively, at each meeting conducted by a corporation
15 licensed by the State Horse Racing Commission. The State Horse
16 Racing Commission shall have the authority to employ other
17 individuals as shall be necessary to carry out the
18 responsibilities of this section.

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

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

25 Section 230. State harness racing veterinarians.

26 (a) The State Harness Racing Commission shall appoint and
27 employ licensed veterinarians to serve as the harness racing
28 veterinarians for harness racing at each meeting conducted by a
29 corporation licensed by the State Harness Racing Commission. The
30 State Harness Racing Commission shall have the authority to

1 employ other individuals as shall be necessary to carry out the
2 responsibilities under this section.

3 (b) The costs and compensation of the harness racing
4 veterinarians and other individuals employed to carry out the
5 provisions of this act shall be fixed and paid by the State
6 Harness Racing Commission.

7 Section 231. Free passes, cards or badges.

8 (a) A licensed corporation shall not issue free passes,
9 cards or badges without admission tax, except to persons
10 hereafter described: officers, employees and shareholders of the
11 corporation conducting the race meeting; members, officers and
12 employees of the commissions; members of horse racing
13 associations of other states and foreign countries; public
14 officers engaged in the performance of their duties; persons
15 employed and accredited by the press to attend such meeting;
16 owners, stable managers, trainers, jockeys, concessionaries and
17 other persons whose actual duties require their presence at the
18 race tracks.

19 (b) The commissions may allow a licensed corporation to
20 issue free passes, cards or badges for special promotional
21 programs and seasonal discount ticket programs, so long as the
22 corporation has obtained approval from the appropriate
23 commission. The admissions taxes under section 208 shall be
24 imposed on the price of all seasonal discount tickets sold by a
25 licensed corporation.

26 (c) The issuance of tax-free passes, cards or badges shall
27 be under the rules and regulations of the commissions. A list of
28 all persons, except persons admitted under an approved special
29 promotional program or seasonal discount ticket program, to whom
30 free passes, cards or badges are issued shall be filed with the

1 appropriate commission.

2 Section 232. Political subdivision agricultural fairs and horse
3 race meetings not licensed to conduct pari-mutuel
4 wagering.

5 Pari-mutuel wagering on horse races at any county or other
6 political subdivision, agricultural or other fair shall not be
7 authorized. No lottery, pool selling, bookmaking or any other
8 kind of gambling upon the results of races, heats or contests of
9 speed of horses shall be allowed at any fair or at any horse
10 race meeting conducted in the State, except those licensed to
11 operate pari-mutuel wagering under the provisions of this act.

12 Section 233. Monitoring of wagering on video screens.

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

1 money wagered on each horse involved in any trifecta pool.

2 Section 234. Simulcasting.

3 The State Horse Racing Commission and the State Harness
4 Racing Commission shall only permit intrastate simulcasting of
5 live racing between two licensed corporations when each
6 continues to schedule 95% of the total number of horse or
7 harness racing days scheduled in 1986 at the facility where each
8 said licensed corporation conducts its horse or harness racing
9 dates, and when the average number of live horse or harness
10 races per race day equals 90% of the average number of live
11 horse or harness races conducted per day in 1985 at the facility
12 where each said licensed corporation conducts its horse or
13 harness racing dates, subject to any actions or activities
14 beyond the control of the licensee: Provided, however, That for
15 any licensed corporation that was granted a permanent license
16 for horse racing and operating at a facility where the average
17 daily handle at the facility at which the licensed corporation
18 conducts racing dates is less than \$150,000 in any calendar year
19 after 1985, the State Horse Racing Commission may permit
20 intrastate simulcasting when the licensed corporation first
21 schedules a minimum of 50 racing days in the calendar year in
22 which it wishes to simulcast. A newly licensed corporation
23 racing at the facility may be permitted to intrastate simulcast
24 by the State Horse Racing Commission when it first schedules at
25 least 50 racing dates in the year in which it wishes to
26 simulcast. If a newly licensed corporation is awarded harness or
27 horse racing dates after 1987 and races those dates at a horse
28 or harness racing facility existing in 1987, other than a
29 facility whose average daily handle is less than \$150,000, the
30 respective commissions shall not permit intrastate simulcasting

1 unless the same number of horse or harness dates scheduled at
2 that facility in 1987 are scheduled at that facility in the year
3 that the corporation wishes to simulcast subject to any actions
4 or activities beyond the control of the licensees (i.e. act of
5 God, strike). For a licensed corporation awarded racing dates at
6 a facility which did not conduct horse or harness racing prior
7 to 1987, the respective commissions may permit intrastate
8 simulcasting if the licensed corporation is the only corporation
9 operating that facility when that corporation first schedules a
10 minimum of 125 days of racing dates in the calendar year in
11 which it wishes to simulcast or when more than one such
12 corporation is awarded dates for racing at the same facility
13 when those corporations first schedule a minimum of 200 days of
14 racing in the calendar year in which they wish to simulcast. For
15 purposes of this section a racing day shall consist of a minimum
16 of eight live races, except at thoroughbred tracks on Breeders'
17 Cup Event Day. For any licensed racing corporation engaged in
18 simulcasting, regardless of location or distance from another
19 licensed racing corporation, there shall exist a written
20 agreement with the horseman's organization representing a
21 majority of the owners and trainers at both the sending and
22 receiving racetracks. If no agreement can be reached, then the
23 licensed corporation may petition the court of common pleas in
24 the county in which the licensed corporation racetrack is
25 located, which may, upon good cause shown by the licensed
26 corporation that failure to consent would be detrimental to the
27 Pennsylvania racing industry, direct the organization
28 representing the horsemen to approve the simulcast agreement.
29 The respective commission may then authorize the simulcasting,
30 if, in the opinion of the appropriate commission, such

1 simulcasting will have significant value to the Pennsylvania
2 racing industry. The simulcast signal shall be encoded, and the
3 racetrack receiving the simulcast signal shall not send this
4 signal anywhere other than public locations authorized under
5 section 218 or 218-A. All forms of pari-mutuel wagering
6 described in section 221 shall be allowed on races to be
7 televised by simulcasting under this section. The State Horse
8 Racing Commission and the State Harness Racing Commission may
9 promulgate regulations on wagering and the operation of these
10 races. All money wagered by patrons on these races shall be
11 computed in the amount of money wagered each racing day for
12 purposes of taxation under section 222. In the event the
13 simulcast is between a thoroughbred racetrack and a harness
14 racetrack, both commissions shall have jurisdiction, and any
15 approval required hereunder must be received from both
16 commissions: Provided, however, That if no agreement can be
17 reached between the horseman's organization aforementioned, then
18 the licensed corporation may petition the court of common pleas
19 in the county in which the licensed corporation racetrack is
20 located, which may, upon good cause shown by the licensed
21 corporation that failure to consent would be detrimental to the
22 Pennsylvania racing industry, direct the organization
23 representing the horsemen to approve the simulcast agreement.
24 The respective commissions may then authorize the simulcasting
25 if, in the opinions of the respective commission, such
26 simulcasting will have a significant value to the Pennsylvania
27 racing industry. The provisions of this section with regard to
28 the required number of racing days may be waived or modified by
29 the applicable commission if the waiver or modification has been
30 consented to by the horseman's organization representing a

1 majority of the owners and trainers at the racetrack where the
2 racing days are to be scheduled or raced.

3 Section 235. Commingling.

4 (a) This section shall be applicable only to licensed
5 thoroughbred racing corporations.

6 (b) The race secretary shall receive entries and
7 declarations as an agent for the licensed corporation for which
8 the race secretary acts. The race secretary or an individual
9 designated by the licensed corporation may receive stakes,
10 forfeits, entrance money, jockey's and other fees, purchase
11 money in claiming races and other money that can properly come
12 into his possession as an agent for the licensed corporation for
13 which the race secretary or designee is acting.

14 (c) A licensed corporation shall maintain a separate
15 account, called a Horsemen's Account. Money owing to owners in
16 regard to purses, stakes, rewards, claims and deposits shall be
17 deposited into the Horsemen's Account. Funds in the account
18 shall be recognized and denominated as being the sole property
19 of owners. Deposited funds may not be commingled with funds of
20 the licensed corporation unless a licensed corporation has
21 established, in favor of the organization which represents a
22 majority of the owners and trainers racing with the licensed
23 corporation, an irrevocable clean letter of credit with an
24 evergreen clause. The minimum amount of the credit must be the
25 greater of \$1,000,000 or 110% of the highest monthly balance in
26 the Horsemen's Account in the immediate prior year. To calculate
27 the monthly balance in the Horsemen's Account, the sum of the
28 daily balances shall be divided by the number of days in the
29 month. The evergreen clause must provide that, 30 days prior to
30 the expiration of the letter of credit, the financial

1 institution can elect not to renew the letter of credit; that,
2 upon this election, the financial institution must notify the
3 designee of the organization which represents a majority of the
4 owners and trainers racing with the licensed corporation, by
5 registered mail, return receipt requested, of the election not
6 to renew; and that the financial institution will honor the
7 letter of credit for six months after expiration. Purse money
8 earned by owners shall be deposited by the licensed corporation
9 in the Horsemen's Account within 48 hours after the result of
10 the race in which the money was earned has been declared
11 official and the purse has been released by the commission.

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

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

28 (f) The Horsemen's Account shall be audited periodically as
29 deemed appropriate by the commission. There shall be at least
30 one audit per year. Monthly statements shall be provided to the

1 designee of the organization which represents a majority of the
2 owners and trainers racing with the licensed corporation.

3 (g) Fifty percent of the money earned as interest on funds
4 in the Horsemen's Account shall be paid to the organization
5 which represents a majority of the owners and trainers racing
6 with the licensed corporation on a weekly basis. This amount
7 shall be for the benefit of the horsemen as determined by the
8 organization which represents the majority of the owners and
9 trainers racing with the licensed corporation. The remaining 50%
10 of the interest earned shall be for the benefit of the licensed
11 corporation which shall have the responsibility to fund all
12 costs associated with the administration of the fund. Interest
13 each month must be earned in an amount equal to the Federal
14 Reserve Discount Rate on the first day of the month.

15 Section 236. Harness racing purse moneys.

16 Each licensed harness horse racing association must place on
17 deposit with the State Harness Racing Commission by March 1 of
18 each year an irrevocable letter of credit equivalent to its
19 average weekly purse total from the immediate prior year. The
20 commission shall hold the letter of credit in trust for the
21 harness horsemen racing at that licensed corporation in the
22 event that purse checks are not issued or that insufficient
23 funds are available to cover the purse checks.

24 Section 237. Limitations on day and night racing.

25 (a) For the purpose of this section day racing shall be
26 racing days for which the starting time for the first race is at
27 or before 2:00 p.m., and night racing shall be racing days for
28 which the starting time for the first race is after 5:00 p.m.
29 Day racing may not be conducted at any racing facility after
30 1985 on any comparable type racing day or holiday on which day

1 racing was not conducted in 1985 unless all presently operating
2 licensed corporations conducting day racing agree, in writing,
3 to allow such day racing activities.

4 (b) Night racing may not be conducted at any racing facility
5 after 1985 on any comparable type racing night or holiday on
6 which night racing was not conducted in 1985 unless all
7 presently operating racing facilities conducting night racing
8 agree, in writing, to allow night racing activities.

9 (c) Each appropriate commission shall have the authority to
10 grant exceptions to this section upon application by a licensed
11 racing corporation for not more than five racing days per
12 calendar year with respect to each licensed corporation. The
13 provisions of this section shall be effective until July 1,
14 1991.]

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

16 CHAPTER 2-A

17 RACING OVERSIGHT

18 Section 201-A. State Horse Racing Commission.

19 (a) Establishment.--The State Horse Racing Commission is
20 established as a commission within the Department of Agriculture
21 to independently regulate the operations of horse racing, the
22 conduct of pari-mutuel wagering and the promotion and marketing
23 of horse racing in this Commonwealth in accordance with this
24 act.

25 (b) Membership.--The commission shall consist of the
26 following members:

27 ~~(1) Three members appointed by the Governor as follows: <--~~

28 ~~(i) One member shall be a licensed veterinarian.~~

29 ~~(ii) One member representing the standardbred~~
30 ~~horsemen's organizations in this Commonwealth. Each~~

~~organization shall submit the name of five individuals to
the Governor. The Governor shall select from the names
submitted and make an appointment in accordance with this
subsection.~~

~~(iii) One member representing the thoroughbred
horsemen's organization in this Commonwealth. Each
organization shall submit the name of five individuals to
the Governor. The Governor shall select from the names
submitted and make an appointment in accordance with this
subsection.~~

(1) FOUR MEMBERS APPOINTED BY THE GOVERNOR AS FOLLOWS: <--

(I) ONE INDIVIDUAL REPRESENTING THE THOROUGHBRED
HORSEMAN'S ORGANIZATIONS IN THIS COMMONWEALTH, SELECTED
FROM A LIST OF AT LEAST FIVE QUALIFIED INDIVIDUALS
SUBMITTED BY THE THOROUGHBRED HORSEMAN'S ORGANIZATIONS.

(II) ONE INDIVIDUAL REPRESENTING A THOROUGHBRED
BREEDER ORGANIZATION IN THIS COMMONWEALTH, SELECTED FROM
A LIST OF AT LEAST FIVE QUALIFIED INDIVIDUALS SUBMITTED
BY A THOROUGHBRED BREEDER ORGANIZATION.

(III) ONE INDIVIDUAL REPRESENTING THE STANDARDBRED
HORSEMAN'S ORGANIZATIONS IN THIS COMMONWEALTH, SELECTED
FROM A LIST OF AT LEAST FIVE QUALIFIED INDIVIDUALS
SUBMITTED BY THE STANDARDBRED HORSEMAN'S ORGANIZATIONS.

(IV) ONE INDIVIDUAL REPRESENTING A STANDARDBRED
BREEDER ORGANIZATION IN THIS COMMONWEALTH, SELECTED FROM
A LIST OF AT LEAST FIVE QUALIFIED INDIVIDUALS SUBMITTED
BY A STANDARDBRED BREEDER ORGANIZATION.

(2) One member appointed by each of the following, NONE <--
OF WHOM SHALL BE A MEMBER OF A HORSEMAN'S ORGANIZATION OR
BREEDER ORGANIZATION:

- 1 (i) The President pro tempore of the Senate.
2 (ii) The Minority Leader of the Senate.
3 (iii) The Speaker of the House of Representatives.
4 (iv) The Minority Leader of the House of
5 Representatives.

6 (3) The Secretary of Agriculture or the secretary's
7 designee, WHO SHALL BE A NONVOTING EX-OFFICIO MEMBER. <--

8 ~~(4) The chairman of the Pennsylvania Gaming Control~~ <--
9 ~~Board or the chairman's designee.~~

10 (4) ONE INDIVIDUAL WHO IS A LICENSED DOCTOR OF <--
11 VETERINARY MEDICINE IN THIS COMMONWEALTH, WHO SHALL NOT BE A
12 MEMBER OF A HORSEMAN'S ORGANIZATION OR BREEDER ORGANIZATION,
13 APPOINTED BY THE GOVERNOR.

14 (5) Each appointing authority shall make its
15 appointments within 30 days of the effective date of this
16 section. Appointments to fill a vacancy shall be made within
17 10 days of the creation of the vacancy. An appointment shall
18 not be final until receipt by the appointing authority of a
19 background investigation of the appointee by the Pennsylvania
20 State Police, which shall be completed within 30 days of the
21 appointment. A person who has been convicted in a domestic or
22 foreign jurisdiction of a felony, infamous crime, gambling
23 offense or an offense related to fixing horse races or animal
24 cruelty may not be appointed to the commission.

25 (6) The following shall apply to appointees,
26 commissioners, employees and independent contractors:

27 (i) Each commissioner at the time of appointment
28 must be at least 25 years of age and must have been a
29 resident of this Commonwealth for a period of at least
30 one year immediately preceding appointment. Each

1 commissioner must remain a resident of this Commonwealth
2 during the term of membership on the commission.

3 (ii) Except for ~~commissioners~~ THE COMMISSIONER <--
4 appointed under ~~subsection (b)(3) and (4)~~ PARAGRAPH (3), <--
5 a person may not be appointed a commissioner if the
6 person is a public official or party officer as defined
7 in 4 Pa.C.S. § 1512 (relating to financial and employment
8 interests) in this Commonwealth or any of its political
9 subdivisions.

10 (iii) Each commissioner, employee and independent
11 contractor of the commission must sign an agreement not
12 to disclose confidential information.

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

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

24 (vi) A commissioner, employee or independent
25 contractor of the commission may not participate in a
26 hearing, proceeding or other matter in which the member,
27 employee or independent contractor, or the immediate
28 family thereof, has a financial interest in the subject
29 matter of the hearing or proceeding or other interest
30 that could be substantially affected by the outcome of

1 the hearing or proceeding without first fully disclosing
2 the nature of the interest to the commission and other
3 persons participating in the hearing or proceeding. The
4 commission shall determine if the interest is a
5 disqualifying interest that requires the disqualification
6 or nonparticipation of a commissioner, an employee or
7 independent contractor.

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

22 (viii) (Reserved).

23 (ix) A commissioner, EMPLOYEE or bureau director of <--
24 the commission may not directly or indirectly solicit,
25 request, suggest or recommend to any applicant, licensed
26 racing entity, licensed gaming entity or an affiliate,
27 intermediary, subsidiary or holding company thereof or to
28 an employee or agent thereof, the appointment or
29 employment of any person in any capacity by the
30 applicant, licensed racing entity, licensed gaming entity

1 or an affiliate, intermediary, subsidiary or holding
2 company thereof during the term of office or employment
3 with the commission.

4 (x) Except for a commissioner appointed under
5 paragraph ~~(1)(ii) and (iii)~~ (1), a commissioner may not <--
6 accept employment with an applicant for a horse racing
7 license, a licensed racing entity, or an affiliate,
8 intermediary, subsidiary or holding company thereof, for
9 a period of two years from the termination of term of
10 office.

11 (xi) A former commissioner may not appear before the
12 commission in any hearing or proceeding or participate in
13 any other activity on behalf of any applicant for a horse
14 racing license, a licensed racing entity, or an
15 affiliate, intermediary, subsidiary or holding company of
16 an applicant or licensed racing entity for a period of
17 two years from the termination of term of office.

18 (xii) A commissioner or employee of the commission
19 may not accept a complimentary service, place a wager or
20 be paid any prize from any wager on a horse race at a
21 racetrack or nonprimary location within this Commonwealth
22 or at any other racetrack or nonprimary location outside
23 this Commonwealth which is owned or operated by a
24 licensed racing entity or any of its affiliates,
25 intermediaries, subsidiaries or holding companies for the
26 duration of the commissioner's or employee's term of
27 office or employment. Nothing in this section shall be
28 construed to prohibit a commissioner appointed under
29 paragraph ~~(1)(ii) and (iii)~~ (1) from being awarded a <--
30 purse or breeders' award for the commissioner's

1 participation in horse racing.

2 (xiii) A commissioner who has been convicted during
3 his term of office in a domestic or foreign jurisdiction
4 of a felony, infamous crime, offense related to fixing or
5 rigging horse races or gambling offense shall, upon
6 conviction, be automatically removed from the commission
7 and shall be ineligible to become a commissioner in the
8 future.

9 (xiv) The following shall apply to an employee of
10 the commission whose duties substantially involve
11 licensing, enforcement, development of law, promulgation
12 of regulations or development of policy, relating to
13 horse racing under this act or who has other
14 discretionary authority which may affect or influence the
15 outcome of an action, proceeding or decision under this
16 act, including the director of a bureau:

17 (A) The individual may not, for a period of two
18 years following termination of employment, accept
19 employment with or be retained by an applicant for a
20 horse racing license or a licensed racing entity or
21 by an affiliate, intermediary, subsidiary or holding
22 company of an applicant or a licensed racing entity.

23 (B) The individual may not, for a period of two
24 years following termination of employment, appear
25 before the commission in a hearing or proceeding or
26 participate in activity on behalf of any applicant,
27 licensee or licensed racing entity or on behalf of an
28 affiliate, intermediary, subsidiary or holding
29 company of any applicant, licensee or licensed racing
30 entity.

1 (C) This subparagraph shall not apply to an
2 employee subject to the jurisdiction of the
3 Pennsylvania Supreme Court under section 10(c) of
4 Article V of the Constitution of Pennsylvania.

5 (xv) Nothing under subparagraph (xiv) shall prevent
6 a current or former employee of the commission from
7 appearing before the commission in a hearing or
8 proceeding as a witness or testifying as to a fact or
9 information.

10 (xvi) The State Ethics Commission shall issue a
11 written determination of whether a person is subject to
12 subparagraph (xiv) upon the written request of the person
13 or the person's employer or potential employer. A person
14 that relies in good faith on a determination issued under
15 this paragraph shall not be subject to any penalty for an
16 action taken, if all material facts set forth in the
17 request for the determination are correct.

18 (xvii) The State Ethics Commission shall publish a
19 list of all employment positions within the commission
20 whose duties would subject the individuals in those
21 positions to the provisions of subparagraph (xiv). The
22 commission shall assist the State Ethics Commission in
23 the development of the list, which shall be published by
24 the State Ethics Commission in the Pennsylvania Bulletin
25 biennially and posted by the commission on the
26 commission's Internet website. Upon request, employees of
27 the commission shall have a duty to provide the State
28 Ethics Commission with adequate information to accurately
29 develop and maintain the list. The State Ethics
30 Commission may impose a civil penalty under 65 Pa.C.S. §

1 1109(f) (relating to penalties) upon an individual who
2 fails to cooperate with the State Ethics Commission under
3 this subparagraph. An individual who relies in good faith
4 on the list published by the State Ethics Commission
5 shall not be subject to any penalty for a violation of
6 subparagraph (xiv).

7 (xviii) A commissioner may not solicit, request,
8 suggest or recommend the employment by the commission of
9 an immediate family member.

10 (xix) If a commissioner violates any provision of
11 this section, the appointing authority may remove the
12 person from the commission. A commissioner removed under
13 this paragraph shall, for a period of five years
14 following removal, be prohibited from future appointment
15 to the commission and shall be prohibited from applying
16 for a license, permit or other authorization under this
17 act and from becoming an independent contractor with the
18 commission or registering as a licensed racing entity
19 representative.

20 (xx) Except for a commissioner appointed under
21 paragraph ~~(1)(ii) and (iii)~~ (1), a commissioner or <--
22 employee of the commission may not directly or indirectly
23 have an ownership interest in a race horse which is
24 entered in a horse race meeting in this Commonwealth.

25 (7) A commissioner shall not be personally liable for
26 any of the following:

27 (i) Obligations of the commission.

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

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

1 (1) ~~Gubernatorial appointees~~ APPOINTEES initially <--
2 appointed under subsection ~~(b)(1)~~ (B) shall serve an initial <--
3 term of ~~one, two and three years respectively as designated~~ <--
4 by the Governor at the time of appointment TWO YEARS and <--
5 until their successors are appointed and qualified.

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

9 (b.2) Terms of office.--Upon the expiration of a term of a
10 commissioner appointed under subsections (b) and (b.1), the
11 following shall apply:

12 (1) The term of office of a gubernatorial appointee
13 shall be three years and until a successor is appointed and
14 qualified.

15 (2) The term of office of a legislative appointee shall
16 be two years and until a successor is appointed and
17 qualified.

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

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

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

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

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

30 (c) Chairperson.--The governor shall appoint the chairperson

1 of the commission.

2 (c.1) Compensation.--Commissioners shall be reimbursed for
3 documented expenses incurred in the performance of their
4 official duties. ~~Except for commissioners appointed under~~ <--
5 ~~subsection (b) (3) and (4), commissioners shall be paid \$300 per~~
6 ~~diem for performing their duties.~~

7 (c.2) Meetings.--The commission shall meet at least once a
8 month and at other times as the commission chairperson deems
9 necessary. Public notice of the time and place of meetings of
10 the commission shall be given in accordance with 65 Pa.C.S. Ch.
11 7 (relating to open meetings).

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

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

15 (i) The Bureau of Thoroughbred Horse Racing shall
16 have oversight over the conduct of thoroughbred horse
17 racing in this Commonwealth.

18 (ii) The Bureau of Standardbred Horse Racing shall
19 have oversight over the conduct of standardbred horse
20 racing in this Commonwealth.

21 ~~(2) The commission by a qualified majority vote~~ <--
22 ~~consisting of the vote of at least one appointee under~~
23 ~~section 201 A(b) (1) and four appointees under section 201~~
24 ~~A(b) (2) shall select and employ a~~ THERE SHALL BE A Director <--
25 of the Bureau of Thoroughbred Horse Racing and a director of
26 the Bureau of Standardbred Horse Racing to serve and report
27 to the commission. The director of each bureau shall not be
28 supervised by the Department of Agriculture. The commission
29 shall assign the directors duties and responsibilities as
30 required to fulfill the commission's obligations under this

1 or any other act. The commission may, by order, delegate
2 duties and responsibilities to the bureau director as the
3 commission determines necessary to discharge the day-to-day
4 licensing, enforcement and administrative operations of the
5 commission. The director of each bureau established in this
6 section must meet all of the following requirements:

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 any horse entered in a race,
23 notwithstanding the physical location of the horse, stabled
24 on the grounds or shipped into a licensed racing entity's
25 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~~

~~making of any order or the ratification of a permissible act done or order made by one or more commissioners shall require a qualified majority vote consisting of the vote of at least one appointee under section 201 A(b) (1) and four appointees under section 201 A(b) (2).~~

~~(2) Any action by the board of judges or stewards to suspend, revoke, not renew, void or require forfeiture of an occupational license or permit issued under this act, to impose an administrative fine or penalty or to issue cease and desist orders or similar enforcement actions shall require a majority vote of all commissioners, unless the duties have been delegated by the commission to the bureau directors.~~

~~(3) Notwithstanding any other provision of this act or 65 Pa.C.S. § 1103(j) (relating to restricted activities), a commissioner must disclose the nature of his disqualifying interest, disqualify himself and abstain from voting in any hearing or proceeding in which the commissioner's objectivity, impartiality, integrity or independence of judgment may be reasonably questioned. If a commissioner has disqualified himself, the action requiring a supermajority vote shall require a vote of the majority of all of the remaining commissioners plus one additional vote.~~

~~(1) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, ACTIONS OF THE COMMISSION SHALL BE SUBJECT TO A SIMPLE MAJORITY VOTE OF THE COMMISSION.~~

<--

~~(2) A QUALIFIED MAJORITY VOTE CONSISTING OF THE TWO COMMISSIONERS APPOINTED UNDER SUBSECTION (B) (1) (I) AND (II) AND AS MANY VOTES OF THE REMAINING VOTING COMMISSIONERS AS NECESSARY TO CONSTITUTE A MAJORITY OF THOSE COMMISSIONERS~~

1 VOTING SHALL BE REQUIRED TO:

2 (I) APPROVE, ISSUE, DENY OR CONDITION A LICENSE TO
3 CONDUCT THOROUGHBRED HORSE RACING MEETINGS UNDER SECTION
4 208-A.

5 (II) ADOPT REGULATIONS GOVERNING THOROUGHBRED HORSE
6 RACING MEETINGS UNDER SECTION 201-A.

7 (III) EMPLOY A DIRECTOR OF THE BUREAU OF
8 THOROUGHBRED HORSE RACING UNDER SUBSECTION (D) (2).

9 (3) A QUALIFIED MAJORITY VOTE CONSISTING OF THE TWO
10 COMMISSIONERS APPOINTED UNDER SUBSECTION (B) (1) (III) AND (IV)
11 AND AS MANY VOTES OF THE REMAINING VOTING COMMISSIONERS AS
12 NECESSARY TO CONSTITUTE A MAJORITY OF THOSE COMMISSIONERS
13 VOTING SHALL BE REQUIRED TO:

14 (I) APPROVE, ISSUE, DENY OR CONDITION A LICENSE TO
15 CONDUCT STANDARDBRED HORSE RACING MEETINGS UNDER SECTION
16 208-A.

17 (II) ADOPT RULES AND REGULATIONS GOVERNING
18 STANDARDBRED HORSE RACING MEETINGS UNDER SECTION 201-A.

19 (III) EMPLOY A DIRECTOR OF THE BUREAU OF
20 STANDARDBRED HORSE RACING UNDER SUBSECTION (D) (2).

21 (4) COMMISSIONERS APPOINTED UNDER SUBSECTION (B) (1) (I)
22 AND (II) SHALL BE DISQUALIFIED AND MUST ABSTAIN FROM VOTING
23 ON ANY MATTER UNDER PARAGRAPH (3).

24 (5) COMMISSIONERS APPOINTED UNDER SUBSECTION (B) (1) (III)
25 AND (IV) SHALL BE DISQUALIFIED AND MUST ABSTAIN FROM VOTING
26 ON ANY MATTER UNDER PARAGRAPH (2).

27 (6) IF ONE OR MORE APPOINTEES UNDER SUBSECTION (B) (1) IS
28 NOT PARTICIPATING IN VOTING ON ANY MATTER UPON WHICH THEY ARE
29 OTHERWISE ELIGIBLE TO VOTE UNDER PARAGRAPH (2) OR (3), THE
30 QUALIFIED MAJORITY SHALL CONSIST OF THE REMAINING APPOINTEE

1 UNDER THE RESPECTIVE SUBPARAGRAPH OF SUBSECTION (B) (1)
2 PURSUANT TO WHICH THE NONPARTICIPATING COMMISSIONER HAS BEEN
3 APPOINTED, IF ANY, AND AS MANY COMMISSIONERS AS NECESSARY TO
4 CONSTITUTE A MAJORITY OF THOSE COMMISSIONERS VOTING.

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

7 (1) All documents, digital or nondigital, provided to or
8 filed with the commission relating to the regulation of horse
9 racing and pari-mutuel wagering under this act. The
10 commission may accept digital signatures on documents
11 provided or filed and documents may be designated as
12 confidential in accordance with commission policy.

13 (2) A docket setting forth the names of all stockholders
14 in a licensed racing entity. The docket shall be available
15 for public inspection during normal business hours of the
16 commission.

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

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

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

21 (1) All rules and regulations promulgated under the
22 former act of December 11, 1967 (P.L.707, No.331), referred
23 to as the Pennsylvania Thoroughbred Horse Racing Law, or the
24 former act of December 22, 1959 (P.L.1978, No.728), referred
25 to as the Pennsylvania Harness Racing Law, shall remain in
26 effect except to the extent that they are in direct conflict
27 with this act. The commission may adopt, amend, revise or
28 alter the rules and regulations as the commission deems
29 necessary.

30 (2) The commission shall promulgate rules and

1 regulations necessary for the administration and enforcement
2 of this act. Notwithstanding any other provision of this act <--
3 or law, regulations must be approved by a qualified majority
4 vote which must consist of the vote of at least one appointee
5 under section 201 A(b) (1) and four appointees under section
6 201 A(b) (2). Regulations relating to standardbred horse
7 racing must be promulgated separately from regulations
8 relating to thoroughbred horse racing. Except as provided in
9 this paragraph and paragraph (3), regulations shall be
10 promulgated in accordance with law.

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

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

18 (ii) The Regulatory Review Act.

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

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

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

28 (j) Licenses.--Each license to conduct horse racing or any
29 other activity under this act issued prior to January 1, 2017,
30 shall remain in effect for the remainder of the term for which

1 the license was issued unless revoked or suspended. Beginning
2 January 1, 2017, a license shall be renewed or a new license
3 shall be issued in accordance with this act.

4 (k) Report of commission.--Twelve months after the effective
5 date of this section and every year on that date thereafter, the
6 commission, through the Department of Agriculture, shall issue a
7 report to the Governor and each member of the General Assembly
8 on the general operation of the commission and each licensee's
9 performance, including number and win per race and total gross
10 revenue at each facility of a licensed racing entity during the
11 previous year, all taxes, fees, fines and other revenues
12 collected and, where appropriate, disbursed, the costs of
13 operation of the commission, all hearings conducted and the
14 results of the hearings and other information that the
15 commission deems necessary and appropriate. Notwithstanding any
16 other reporting requirements in 4 Pa.C.S. § 1211 (relating to
17 reports of board), the Pennsylvania Gaming Control Board and the
18 Department of Agriculture must jointly submit the report under
19 this subsection relating to racing on an annual basis.

20 (l) Record of proceedings.--The commission shall cause to be
21 made and kept a record of all proceedings held at public
22 meetings of the commission. A verbatim transcript of those
23 proceedings shall be prepared by the commission upon the request
24 of any person and the payment by that person of the costs of
25 preparation.

26 (m) Public records.--The commission shall annually post on
27 its Internet website, a list of all the itemized expenses of
28 employees and commissioners that were or are to be reimbursed
29 from the State Racing Fund. The list shall identify the nature
30 of the expense, the employee, member or the agency and employee

1 of the agency to which an expense is attributable. By October 1
2 of each year, a final report of all expenses described in this
3 subsection for the preceding fiscal year shall be posted on the
4 commission's Internet website and shall be submitted to the
5 Appropriations Committee of the Senate, the Agriculture and
6 Rural Affairs Committee of the Senate, the Appropriations
7 Committee of the House of Representatives and the Agriculture
8 and Rural Affairs Committee of the House of Representatives.
9 Information posted on the Internet website pursuant to this
10 subsection shall be financial records for the purposes of and
11 subject to redaction under the Right-to-Know Law.

12 (n) Reimbursement.--The Department of Agriculture's
13 provision of shared administrative services, shared staff and
14 shared facilities to the commission must be reimbursed from the
15 State Racing Fund and shall be limited to actual costs of
16 providing the services, staff and facilities, including
17 salaries, benefits and expenses of employees providing the
18 shared administrative services. The Department of Agriculture
19 must retain records regarding administrative shared services
20 provided to the commission by a Department of Agriculture's
21 employee.

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

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

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

29 (2) The following shall apply:

30 (i) The commission shall require an applicant under

1 this act to submit to fingerprinting for a report of
2 Federal criminal history record information.

3 (ii) The applicant must submit a full set of
4 fingerprints to the Pennsylvania State Police or the
5 Pennsylvania State Police's authorized agent for the
6 purpose or a record check. The Pennsylvania State Police
7 or the Pennsylvania State Police's authorized agent must
8 then submit the fingerprints to the Federal Bureau of
9 Investigation for the purpose of verifying the identity
10 of the applicant and obtaining a current record of any
11 criminal arrests and convictions.

12 (iii) The commission shall consider information
13 obtained pursuant to this paragraph for the purpose of
14 screening applicants for fitness for licensure in
15 accordance with the provisions of this act.

16 (iv) National criminal history record information
17 received by the commission shall be handled and
18 maintained in accordance with Federal Bureau of
19 Investigation policy.

20 (v) Fingerprints obtained under this paragraph may
21 be maintained by the commission and Pennsylvania State
22 Police to enforce this act and for general law
23 enforcement purposes.

24 (vi) In addition to any other fee or cost assessed
25 by the commission, an applicant must pay for the cost of
26 the fingerprint process.

27 (vii) The commission may exempt applicants for
28 positions not related to the care or training of horses,
29 racing, wagering, security or the management of a
30 licensed racing entity, from the provisions of this

1 chapter.

2 (3) Within 90 days of the effective date of this
3 section, the commission must adopt and publish a
4 comprehensive fee schedule in the Pennsylvania Bulletin. Two
5 years following the effective date of this section, the
6 commission may adopt regulations to annually increase any
7 fee, charge or cost authorized under this act.

8 (4) The commission or designated employee of the
9 commission shall have the power to administer oaths and
10 examine witnesses and may issue subpoenas to compel
11 attendance of witnesses and production of all relevant and
12 material reports, books, papers, documents, correspondence
13 and other evidence related to regulation and enforcement of
14 horse racing under this act.

15 (5) The commission's consideration and resolution of all
16 license or other regulatory administrative actions shall be
17 conducted in accordance with 2 Pa.C.S. (relating to
18 administrative law and procedure) or with procedures adopted
19 by order of the commission. Notwithstanding 2 Pa.C.S. §§ 504
20 (relating to hearing and record) and 505 (relating to
21 evidence and cross-examination), the commission may adopt
22 procedures to provide parties before it with a documentary
23 hearing and may resolve disputed material facts without
24 conducting an oral hearing where constitutionally
25 permissible.

26 (6) The commission may adopt national standards from
27 other racing jurisdictions or commission-approved trade
28 organizations to establish:

29 (i) uniform drug threshold levels;

30 (ii) consistent sanctions for drug testing

1 violations; and

2 (iii) a system to monitor advanced deposit wagering
3 and online pari-mutuel wagering company activities.

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

7 (8) The commission shall direct and oversee that each
8 licensed racing entity's racetrack surface is maintained in
9 such a way as to maximize the safety of the horse, jockey or
10 driver. The commission may develop guidelines to carry out
11 this paragraph and may contract with, hire or otherwise
12 consult with racetrack surface experts to carry out the
13 provisions of this section.

14 Section 203-A. Budget.

15 The commission and the Department of Agriculture shall
16 annually submit a budget request to the Secretary of the Budget
17 in accordance with the provisions contained in section 610 of
18 the act of April 9, 1929 (P.L.177, No.175), known as The
19 Administrative Code of 1929, consisting of amounts to be
20 appropriated from the State Racing Fund, the Pennsylvania Race
21 Horse Development Fund and the General Fund to administer and
22 enforce this act and for the promotion of horse racing.

23 Annually, 1% of the previous fiscal year's deposits into the
24 Pennsylvania Race Horse Development Fund shall be transfered
25 from the Pennsylvania Race Horse Development Fund to the State
26 Racing Fund to provide for the promotion of horse racing.

27 Section 204-A. Location.

28 After January 1, 2017, a licensed racing entity shall conduct
29 a horse race meeting at the location designated and approved by
30 the commission.

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

2 (a) Standardbred horse racing.--No more than five persons
3 shall be licensed to conduct a pari-mutuel wager. No person
4 licensed under this act to conduct standardbred horse racing
5 with pari-mutuel wagering shall be licensed to conduct
6 thoroughbred horse racing with pari-mutuel wagering.

7 (b) Thoroughbred horse racing.--No more than six persons
8 shall be licensed by the commission to conduct pari-mutuel
9 wagering. No person licensed under this act to conduct
10 thoroughbred horse racing with pari-mutuel wagering shall be
11 licensed to conduct standardbred horse racing with pari-mutuel
12 wagering.

13 Section 206-A. Department of Revenue.

14 The Department of Revenue shall provide financial
15 administration of pari-mutuel wagering under this act in
16 accordance with Department of Revenue regulations and
17 regulations of the commission. The Department of Revenue shall
18 prescribe the form and system of accounting to be used by
19 licensed racing entities, and may access and examine records,
20 equipment and other information relating to pari-mutuel
21 wagering.

22 Section 207-A. Allocation of racing days.

23 (a) General rule.--

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

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

28 (a) (2) and (b) may be waived or modified by the commission if
29 the waiver or modification has been agreed to by the
30 horseman's organization and the licensed RACING entity at the <--

1 racetrack where the racing days are to be scheduled or raced.

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

8 (b) Certification.--The commission shall submit to the
9 Secretary of Revenue the approved number of racing days for each
10 licensed racing entity, including the following information:

11 (1) the names and addresses of the licensed racing
12 entity;

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

15 (3) any other information the commission deems
16 appropriate.

17 (c) Cancellation.--

18 (1) If a racing day is canceled by a licensed racing
19 entity for reasons beyond the licensed racing entity's
20 control, the commission shall grant the licensed racing
21 entity the right to conduct that racing day in the same or
22 the next ensuing calendar year, if schedules permit.

23 (2) A director of a bureau established under section
24 201-A, after consultation with the licensed racing entity and
25 the horseman's organization at the racetrack, may cancel a
26 race if it is determined that fewer than six horses have
27 entered the race.

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

29 (a) Procedure and terms.--

30 (1) After January 1, 2017, a person seeking a license to

1 conduct horse race meetings at which pari-mutuel wagering is
2 permitted or seeking to renew the license, shall file an
3 application or renewal application with the commission in the
4 manner prescribed by the commission. A LICENSE TO CONDUCT <--
5 HORSE RACE MEETINGS SHALL BE ISSUED FOR A PERIOD OF THREE
6 YEARS.

7 (2) A licensed racing entity shall have the privilege to
8 conduct a horse race meeting at which pari-mutuel wagering is
9 permitted. A license to conduct a horse race meeting shall
10 not be a property right and may not be used as collateral or
11 be encumbered.

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

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

19 (b) Conditions.--Each horse racing license shall be issued
20 and remain in effect if the licensed racing entity complies with
21 each condition, rule and regulation of the commission and the
22 provisions of this act, including the following conditions:

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

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

27 (3) The licensed racing entity shall print in its racing
28 programs the procedure for filing a complaint with the
29 commission.

30 (c) Applications.--Applications to conduct horse race

1 meetings shall be in the form prescribed by the commission and
2 shall contain information as the commission may require.

3 (D) FEE.--AN APPLICANT OR LICENSEE SEEKING TO CONDUCT A <--
4 HORSE RACE MEETING OR SEEKING RENEWAL OF A LICENSE, SHALL PAY TO
5 THE COMMISSION A FEE OF \$50,000. THE LICENSE OR RENEWAL FEE
6 SHALL BE DEPOSITED INTO THE STATE RACING FUND.

7 ~~(d)~~ (E) Action on licenses.--The following shall apply: <--

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

12 (i) A felony in any jurisdiction.

13 (ii) A misdemeanor gambling offense in any
14 jurisdiction, unless 15 years has elapsed from the date
15 of conviction.

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

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

21 (v) An offense related to fixing or rigging horse
22 racers, including 18 Pa.C.S. § 4109 (relating to rigging
23 publicly exhibited contest) or 7102 (relating to
24 administering drugs to race horses), or any similar crime
25 in another jurisdiction, unless the conviction has been
26 overturned on appeal under the laws of the jurisdiction
27 of the original finding or a pardon has been issued.

28 (2) Following expiration of any period applicable to an
29 applicant under paragraph (1)(ii) or (iii), in determining
30 whether to issue a horse racing license to an applicant, the

1 commission shall consider the following factors:

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

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

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

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

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

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

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

20 (i) inconsistent with the public interest or best
21 interests of horse racing;

22 (ii) interfering with the effective regulation of
23 horse racing; or

24 (iii) creating or enhancing the danger of
25 unsuitable, unfair or illegal practices, methods or
26 activities in the conduct of horse racing.

27 ~~(e)~~ (F) Denial, suspension or revocation.--The commission <--
28 may deny an application for a license or revoke, suspend or fail
29 to renew the license of any applicant or licensed racing entity,
30 if the commission finds by a preponderance of the evidence that:

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

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

8 (ii) Has been convicted of a violation or attempt to
9 violate a horse racing law, rule or regulation of a horse
10 racing jurisdiction.

11 (iii) Has furnished the commission with false or
12 misleading information relating to the application or
13 license renewal.

14 (iv) Has been convicted of a crime involving moral
15 turpitude.

16 (v) Has been convicted of a misdemeanor gambling
17 offense in any jurisdiction.

18 (vi) Has been convicted in any jurisdiction of fraud
19 or misrepresentation related to horse racing or horse
20 breeding.

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

25 (3) The licensed racing entity has commingled horsemen's <--
26 HORSEMAN'S ORGANIZATION funds in violation of section 235- <--
27 A(c) or has refused to place on deposit a letter of credit
28 under section 236-A.

29 (4) The commission determines that the licensed racing
30 entity has failed to properly maintain its racetrack and

1 racetrack enclosure in good condition pursuant to this act or
2 to provide adequate capital improvements to the racetrack and
3 racetrack enclosure as required under this act and 4 Pa.C.S.
4 § 1404 (relating to distributions from licensee's revenue
5 receipts).

6 (5) The licensee has been convicted in any jurisdiction
7 of an offense related to fixing or rigging horse races,
8 including 18 Pa.C.S. § 4109 or 7102, or any similar crime in
9 another jurisdiction, unless the conviction has been
10 overturned on appeal under the laws of the jurisdiction of
11 the original finding or a pardon has been issued.

12 ~~(f)~~ (G) Cessation.--If a revocation or failure to renew a <--
13 license under subsection (e) occurs, the licensee's
14 authorization to conduct previously approved activity shall
15 immediately cease, subject to 2 Pa.C.S. (relating to
16 administrative law and procedure). In the case of a suspension,
17 the licensee's authorization to conduct previously approved
18 activity shall immediately cease until the commission has
19 notified the licensee that the suspension is no longer in
20 effect. After request for a hearing by a licensee, the
21 commission may grant a supersedeas, pending the final
22 determination of the suspension.

23 ~~(g)~~ (H) Renewal.--A horse racing RACE MEETING license shall <--
24 be renewed every three years upon application and, except as
25 provided for under subsection (a)(4), shall not be transferred.
26 RENEWALS OF HORSE RACE MEETING LICENSES SHALL NOT BE GRANTED <--
27 AUTOMATICALLY.

28 ~~(h)~~ (I) Conditional licenses.--Pending a final determination <--
29 under this section, the commission may issue a conditional
30 license upon the terms and conditions as are necessary to

1 effectuate the provisions of this act.

2 ~~(i)~~ (J) Compliance.--Nothing in this section shall be <--
3 construed to relieve a licensed racing entity of its duty to
4 comply with the requirements of 4 Pa.C.S. Pt. II.

5 Section 209-A. Code of conduct.

6 (a) Scope.--The commission may adopt a comprehensive code of
7 conduct applicable to commissioners, employees of the
8 commission, independent contractors and the immediate family of
9 the commissioners, employees and independent contractors to
10 enable them to avoid any perceived or actual conflict of
11 interest and to promote public confidence in the integrity and
12 impartiality of the commission.

13 (b) Licensed racing entity representative.--

14 (1) A licensed racing entity representative shall
15 register with the commission in a manner prescribed by the
16 commission, which shall include the name, employer or firm,
17 business address and business telephone number of both the
18 licensed racing entity representative and any licensed racing
19 entity, applicant for licensure or other person being
20 represented.

21 (2) A licensed racing entity representative shall have
22 an affirmative duty to update its registration information on
23 an ongoing basis, and failure to do so shall be punishable by
24 the commission.

25 (3) The commission shall maintain a registration list
26 which shall contain the information required under paragraph
27 (1) and which shall be available for public inspection at the
28 offices of the commission and on the commission's publicly
29 accessible Internet website.

30 (c) Restrictions.--In addition to the other prohibitions

1 contained in this chapter, a commissioner shall:

2 (1) Not accept any discount, gift, gratuity,
3 compensation, travel, lodging or other thing of value,
4 directly or indirectly, from any applicant, licensed racing
5 entity, affiliate, subsidiary or intermediary of an applicant
6 or other licensee.

7 (2) Disclose a conflict of interest and recuse himself
8 from any hearing or other proceeding in which the
9 commissioner's objectivity, impartiality, integrity or
10 independence of judgment may be reasonably questioned due to
11 the commissioner's relationship or association with a party
12 connected to any hearing or proceeding or a person appearing
13 before the commission.

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

17 (4) Except for commissioners appointed under section
18 201-A(b) (3) and (4), not hold or campaign for public office,
19 hold an office in any political party or political committee,
20 as defined in 4 Pa.C.S. § 1513(d) (relating to political
21 influence), contribute to or solicit contributions to a
22 political campaign, political party, political committee or
23 candidate, publicly endorse a candidate or actively
24 participate in a political campaign.

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

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

30 (d) Ex parte communications.--

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

3 (2) If a commissioner received or engaged in an ex parte
4 communication, a commissioner shall inform the director of
5 the appropriate bureau who shall notify all parties directly
6 affected by the anticipated vote or action of the
7 commissioner related to the ex parte communication of the
8 substance of the communication and provide the parties with
9 an opportunity to respond.

10 (3) A commissioner who engaged in or received an ex
11 parte communication shall disqualify himself from the hearing
12 or proceeding related to the ex parte communication if the
13 context and substance of the communication creates
14 substantial reasonable doubt as to a commissioner's ability
15 to act objectively, independently or impartially.

16 (4) A commissioner who engaged in or received an ex
17 parte communication and elects not to disqualify himself from
18 the hearing or proceeding shall state the reasons for not
19 disqualifying himself on the record prior to the commencement
20 of the hearing or proceeding.

21 (5) If a commissioner disqualifies himself under this
22 subsection, a supermajority vote under this act shall consist
23 of the remaining commissioners.

24 (6) Failure of a commissioner who received or engaged in
25 an ex parte communication to disqualify himself under this
26 subsection shall be grounds for appeal to a court of
27 competent jurisdiction if the commission action being
28 appealed could not have occurred without the participation of
29 the commissioner.

30 (7) This subsection shall not preclude a commissioner

1 from consulting with other commissioners individually if the
2 consultation complies with 65 Pa.C.S. Ch. 7 (relating to open
3 meetings) or with commission employees or independent
4 contractors whose functions are to assist the commission in
5 carrying out its adjudicative functions.

6 Section 210-A. Financial interests.

7 No director, owner, officer, manager or employee of an
8 applicant or licensed racing entity or their immediate family
9 shall accept gifts from breeders, owners, trainers or other
10 individuals who participate in the conduct of horse racing in
11 this Commonwealth.

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

13 (a) Racetrack racing official.--The commission shall approve
14 each racetrack employee whose duties include the enforcement of
15 pari-mutuel racing activities which directly or indirectly
16 affect the racing product. Compensation for an official under
17 this subsection shall be paid by the licensed racing entity.

18 (b) Commission racing official.--The commission shall employ
19 individuals who shall be designated as commission racing
20 officials and whose duties shall include the oversight and
21 enforcement of this act, regulations and commission policies
22 related to prerace activities, the conduct of live racing and
23 pari-mutuel wagering. The commission, by regulation, shall
24 establish the duties and responsibilities for a commission
25 racing official. The cost for and compensation of a commission
26 racing official shall be paid by the commission.

27 Section 212-A. Secondary pari-mutuel organization.

28 (a) Requirements.--The following shall apply to a secondary
29 pari-mutuel organization:

30 (1) A secondary pari-mutuel organization offering and

1 accepting pari-mutuel wagers within this Commonwealth must be
2 properly licensed by the commission. Each secondary pari-
3 mutuel organization employee directly or indirectly
4 responsible for the acceptance of wagers on horse races or
5 the transmittal of wagering information to and from the
6 Commonwealth must be properly licensed.

7 (2) A secondary pari-mutuel organization must comply
8 with each rule and regulation of the commission.

9 (3) As a condition of licensing and annual license
10 renewal, a license application of a secondary pari-mutuel
11 organization must include all of the following:

12 (i) Disclosure of each officer, director, partner
13 and share holder with a 5% or greater share of ownership
14 or beneficial interest.

15 (ii) A list of personnel assigned to work in this
16 Commonwealth.

17 (iii) Certification of compliance with totalisator
18 standards and licensing requirements adopted by the
19 commission.

20 (iv) A type II SAS 70 report, or other independent
21 report in a form acceptable to the commission, completed
22 within the preceding 12 months, to assure adequate
23 financial controls are in place in the secondary pari-
24 mutuel organization.

25 (v) An agreement to allow the commission to inspect
26 and monitor each facility used by the secondary pari-
27 mutuel organization for accepting, recording or
28 processing pari-mutuel wagers accepted in this
29 Commonwealth.

30 (vi) Certification of the use of a pari-mutuel

1 system which meets all requirements for a pari-mutuel
2 system utilized by a licensed racing entity in this
3 Commonwealth.

4 (4) Fitness and experience of a secondary pari-mutuel
5 organization must be consistent with the public interest,
6 convenience and necessity and the best interests of racing
7 generally, including, but not limited to, all of the
8 following:

9 (i) Meeting general industry standards for business
10 and financial practices, procedures and controls.

11 (ii) Possession of a wagering system that ensures
12 that all wagering information is transmitted to and
13 calculated in the appropriate host track pool.

14 (iii) Utilization of a totalisator system that meets
15 wagering-industry standards and certification criteria.

16 (iv) Meeting general industry standards for physical
17 security of computerized wagering systems, business
18 records, facilities and patrons.

19 (v) Having no indications of improper manipulation
20 of a secondary pari-mutuel organization's wagering
21 system, including software.

22 (vi) Having policies and procedures that ensure a
23 secondary pari-mutuel organization's key individuals have
24 applied and are eligible for all required occupational
25 licenses.

26 (vii) Having an annual independent audit with no
27 audit opinion qualifications that reflect adversely on
28 integrity.

29 (viii) Having a system that verifies the identity of
30 each person placing a wager and requires the person

1 placing a wager to disclose each beneficial interest in a
2 wager the secondary pari-mutuel organization accepts.

3 (ix) Having a real-time independent monitoring
4 system to monitor wagering activity to detect suspicious
5 patterns including any that might indicate criminal
6 activity or regulatory violations. The system must verify
7 each transaction performed by the totalisator system and
8 provide expeditious notice of any discrepancies or
9 suspicious activity to the host track, wagering site, due
10 diligence investigating body and any affected regulatory
11 agency.

12 (x) Having a satisfactory record of customer
13 relations, including no excessive unresolved patron
14 complaints concerning the secondary pari-mutuel
15 organization's business practices.

16 (xi) Holding required permits, licenses,
17 certifications or similar documents that may be required
18 by a racing, gaming or other pari-mutuel wagering
19 jurisdiction.

20 (xii) Having sufficient measures to protect customer
21 funds.

22 (xiii) Publicizing and providing a sufficient
23 program for customer self-exclusion and wagering
24 limitation.

25 (xiv) Having expertise in pari-mutuel wagering and
26 being technologically capable of participating in
27 simulcast and wagering activities.

28 (5) Financial responsibility of a secondary pari-mutuel
29 organization must be consistent with the public interest,
30 convenience and necessity and the best interests of racing

1 generally, including all of the following:

2 (i) The secondary pari-mutuel organization and the
3 secondary pari-mutuel organization's key individuals may
4 not be in default or have a history of defaulting in the
5 payment of an financial obligation, including the payment
6 of taxes due to a taxing jurisdiction or on the payment
7 of gaming, wagering or pari-mutuel racing-related
8 financial obligations. A secondary pari-mutuel
9 organization's key individuals may not be four or more
10 months in arrears for child support that is ordered or
11 approved by a court in any jurisdiction within the United
12 States.

13 (ii) The secondary pari-mutuel organization and the
14 secondary pari-mutuel organization's owners and sources
15 of funds must have sufficient financial means to
16 participate in simulcast and wagering activities,
17 including sufficient assets and means to pay industry-
18 related debts and obligations and to fund the operations
19 of the secondary pari-mutuel organization.

20 (6) The secondary pari-mutuel organization must be fully
21 cooperative and act in good faith with all disclosure and
22 other duties involved in a due diligence investigation,
23 voluntarily submit to regulatory and investigating body
24 oversight, permit inspection of each business record upon
25 request by a regulatory authority or investigating body,
26 promptly honor regulatory or investigating body requests for
27 wagering patterns or other information and, after reasonable
28 notice, permit full access to each facility and property by a
29 regulatory authority or investigating body.

30 (b) Waiver.--

1 (1) A due diligence investigation may rely on an
2 investigation and oversight conducted by a commission-
3 approved entity.

4 (2) The commission may not consent to the acceptance of
5 an interstate off-track wager by a secondary pari-mutuel
6 organization that has not been determined to be suitable
7 under this section.

8 Section 213-A. Occupational licenses for individuals.

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

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

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

23 (d) Renewal.--All licenses shall be subject to renewal every
24 three years upon application and review. Nothing in this act
25 shall be construed to relieve a licensee of the affirmative duty
26 to notify the commission of any changes relating to the status
27 of its license or to any other information contained in the
28 application materials on file with the commission. The
29 application for renewal shall be submitted at least 60 days
30 prior to expiration of the license and shall include an update

1 of the information contained in the initial application and any
2 prior renewal applications and the payment of any renewal fee
3 required by the commission. A license for which a completed
4 renewal application and fee, if required, has been received by
5 the commission shall continue in effect unless and until the
6 commission sends written notification to the holder of the
7 license that the commission has denied the renewal of the
8 license.

9 (e) Licenses.--The commission may issue any of the
10 following:

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

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

15 (f) Processing and issuance.--The commission shall adopt
16 regulations to fix the manner by which licenses are processed
17 and issued.

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

19 (1) The commission may not issue a license under this
20 section to an individual who has been convicted in a
21 jurisdiction of a felony offense, a misdemeanor gambling
22 offense or a fraud or misrepresentation in connection with
23 horse racing or breeding, unless 15 years has passed from the
24 date of conviction of the offense.

25 (2) Following expiration of a period applicable to an
26 applicant under paragraph (1), in determining whether to
27 issue a license or permit to an applicant, the commission
28 shall consider the following factors:

29 (i) The nature of the applicant's involvement with
30 horse racing.

1 (ii) The nature and seriousness of the offense or
2 conduct.

3 (iii) The circumstances under which the offense or
4 conduct occurred.

5 (iv) The age of the applicant when the offense or
6 conduct occurred.

7 (v) Whether the offense or conduct was an isolated
8 or a repeated incident.

9 (vi) Any evidence of rehabilitation, including good
10 conduct in the community, counseling or psychiatric
11 treatment received and the recommendations of persons who
12 have substantial contact with the applicant.

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

18 (1) (Reserved).

19 (2) Has been convicted of any violation or attempts to
20 violate any law, rule or regulation of horse racing in any
21 jurisdiction.

22 (3) Has been convicted of an offense under 18 Pa.C.S. §
23 5511 (relating to cruelty to animals).

24 (4) Has violated a rule, regulation or order of the
25 commission.

26 (5) Has been convicted in any jurisdiction of an offense
27 related to fixing or rigging horse races, including 18
28 Pa.C.S. §§ 4109 (relating to rigging publicly exhibited
29 contest) 7102 (relating to administering drugs to race
30 horses), or any similar crime in any other jurisdiction,

1 unless the conviction has been overturned on appeal under the
2 laws of the jurisdiction of the original finding or a pardon
3 has been issued.

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

6 (i) Is a person of good character, honesty and
7 integrity.

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

10 (A) Do not pose a threat to the public interest
11 or the effective regulation and control of horse
12 racing.

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

19 (h) Inspection.--The commission shall have the right to
20 inspect all contracts directly affecting the administration of
21 the racing product and wagering activities between a secondary
22 pari-mutuel organization, licensed racing entities and vendors
23 for goods and services. The commission shall adopt regulations
24 to require vendors to disclose all principal owners and officers
25 and a description of their interests in the vendors' businesses.
26 Failure to disclose this information shall constitute grounds to
27 deny, to revoke or to suspend any vendor's license issued under
28 this act.

29 (i) Revocation or failure to renew.--In the event of a
30 revocation or failure to renew, the licensee's authorization to

1 conduct previously approved activity shall immediately cease and
2 all fees paid in connection therewith shall be deemed to be
3 forfeited. In the event of a suspension, the applicant's
4 authorization to conduct the previously approved activity shall
5 immediately cease until the commission has notified the
6 applicant that the suspension is no longer in effect.

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

12 (k) (Reserved).

13 (l) Criminal action.--

14 (1) Each district attorney shall have authority to
15 investigate and to institute criminal proceedings for a
16 violation of this act.

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

30 (m) Regulatory action.--Nothing contained in subsection (l)

1 shall be construed to limit the existing regulatory or
2 investigative authority of an agency or the Commonwealth whose
3 functions relate to persons or matters within the scope of this
4 part.

5 (n) Inspection, seizure and warrants on racetrack
6 enclosures.--

7 (1) The commission, the Attorney General and the
8 Pennsylvania State Police shall have the authority without
9 notice and without warrant to do all of the following in the
10 performance of their duties:

11 (i) Inspect and examine all premises where horse
12 racing is conducted, or where records of these activities
13 are prepared or maintained.

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

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

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

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

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

26 Section 214-A. Providers.

27 Beginning at the renewal of an existing contract or execution
28 of a new contract, a person that provides totalisator services
29 to a licensed racing entity located in this Commonwealth shall
30 be licensed by the commission and remit an annual license fee

1 not to exceed ~~\$100,000~~ \$25,000. The license fee shall be
2 deposited in the State Racing Fund. The provider shall submit
3 information on operating systems and procedures as required by
4 the commission.

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

6 (a) General rule.--The commission may impose administrative
7 fin es upon any licensed or unlicensed racing entity, association
8 or person participating in horse racing at which pari-mutuel
9 wagering is conducted, other than as a patron, for a violation
10 of any provision of this act or rule or regulation of the
11 commission, not exceeding \$10,000 for each violation. Each day
12 may be considered a separate violation. Fines shall be deposited
13 in the State Racing Fund and may be appropriated for the
14 enforcement of this act.

15 (b) Interests.--

16 (1) No owner, officer or employee of a licensed racing
17 entity or their immediate family shall have any direct or
18 indirect interest in a race horse that is participating in a
19 horse race meeting at which the person or relative listed
20 under this paragraph holds any interest in the licensed
21 racing entity conducting the horse race meeting or in the
22 racetrack facility.

23 (2) The commission may impose a fine upon any person for
24 a violation of this subsection in accordance with subsection

25 (a).

26 Section 216-A. Admission to racetrack.

27 (a) Power of licensed racing entity.--Except as provided in
28 subsection (b), a licensed racing entity may refuse admission to
29 and eject from the racetrack enclosure operated by the licensed
30 racing entity, any person licensed by the commission under this

1 act and employed at an occupation at the racetrack if the
2 person's presence is deemed detrimental to the best interests of
3 horse racing and after citing the reasons for the determination
4 in writing. The action of the licensed racing entity refusing
5 the person admission to or ejecting the person from a race
6 meeting ground or racetrack enclosure shall have immediate
7 effect unless a supersedeas has been granted by the bureau
8 director. The person refused admission or ejected shall receive
9 a hearing before the commission, if requested, pursuant to rules
10 and regulations adopted for that purpose by the commission and a
11 decision rendered following that hearing.

12 (b) Admission.--A licensed racing entity may not refuse
13 admission to or eject a law enforcement official, commission
14 member or employee or employee of the Department of Revenue
15 while the official is engaged in the performance of the
16 individual's official duties.
17 Section 217-A. Security personnel.

18 (a) General rule.--The commission shall require licensed
19 racing entities to employ persons as security as determined by
20 the commission. Designated security personnel:

21 (1) Shall refer possible violations of the criminal laws
22 of this Commonwealth within the racetrack or enclosure to law
23 enforcement agencies.

24 (2) May not eject or exclude from the racetrack or
25 enclosure any person because of the race, creed, color, sex,
26 sexual orientation, national origin or religion of that
27 person.

28 (b) Penalty.--An individual found within a racetrack or
29 enclosure after having been ejected therefrom shall, upon
30 conviction, be guilty of a summary offense and be sentenced to

1 pay a fine of not more than \$500.

2 Section 218.1-A. (Reserved).

3 Section 219-A. Interstate simulcasting.

4 (a) Host licensees.--The commission may approve the
5 application of a licensed racing entity or secondary pari-mutuel
6 organization to electronically simulcast horse races to and from
7 this Commonwealth. Upon request by a licensed racing entity or
8 secondary pari-mutuel organization, the commission may designate
9 the entity as a host licensee, authorized to maintain common
10 pari-mutuel pools on international and interstate races
11 transmitted to and from the racetrack enclosures within this
12 Commonwealth. All simulcasts of horse races shall comply with
13 the provisions of the Interstate Horseracing Act of 1978 (Public
14 Law 95-515, 15 U.S.C. § 3001 et seq.) and the laws of each state
15 involved, placed or transmitted by an individual in one state
16 via telephone, Internet or other electronic media and accepted
17 and maintained in common pari-mutuel pools. The designation as a
18 host licensee for international and interstate simulcast races
19 shall be limited to licensed racing entities which comply with 4
20 Pa.C.S. § 1303(d) (relating to additional Category 1 slot
21 machine license requirements).

22 (b) Simulcasts.--The following apply:

23 (1) Cross simulcasting of the races described in
24 subsection (a) shall be permitted if all amounts wagered on
25 the races in this Commonwealth are included in common pari-
26 mutuel pools. A host licensee seeking permission to cross
27 simulcast must obtain approval from the commission.

28 (2) All forms of pari-mutuel wagering shall be allowed
29 on horse races simulcasted. The commission may permit pari-
30 mutuel pools in this Commonwealth to be combined with pari-

1 mutuel pools created under the laws of another jurisdiction
2 and may permit pari-mutuel pools created under the laws of
3 another jurisdiction to be combined with pari-mutuel pools in
4 this Commonwealth. The commission shall promulgate
5 regulations necessary to regulate wagering on televised
6 simulcasts.

7 (c) Taxation.--Money wagered by patrons in this Commonwealth
8 on horse races shall be computed by the amount of money wagered
9 each racing day for purposes of taxation under section 224-A.
10 Thoroughbred races shall be considered a part of a thoroughbred
11 horse race meeting and standardbred horse races shall be
12 considered a part of a standardbred horse race meeting.

13 Section 220-A. Place and manner of conducting pari-mutuel
14 wagering at racetrack enclosure.

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

24 (1) The approximate straight odds on each horse in any
25 race.

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

28 (3) The elapsed time of the race.

29 (4) The value of a winning daily double ticket, if a
30 daily double is conducted, and any other information that the

1 commission deems necessary to inform the general public.

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

5 (c) Electronic wagering system.--In addition to other forms
6 of live wagering, including cash at a window teller, a licensed
7 racing entity may operate an electronic wagering system on horse
8 racing in accordance with all of the following:

9 (1) Messages to place wagers shall be to a place within
10 the racetrack enclosure.

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

14 ~~(3) A license fee may not be imposed on a licensed~~ <--
15 ~~racing entity in conjunction with the ability to operate~~
16 ~~electronic wagering.~~

17 ~~The commission may promulgate regulations necessary to regulate~~

18 (C.1) REGULATIONS.--THE COMMISSION MAY PROMULGATE <--
19 REGULATIONS NECESSARY TO REGULATE electronic wagering for horse
20 racing.

21 (d) Taxation.--Money wagered as a result of electronic
22 wagering shall be included in the amount wagered each racing day
23 for purposes of taxation under section 224-A and shall be
24 included in the same pari-mutuel pools for each posted race.
25 Electronic wagering systems shall be operated by the licensed
26 racing entity, secondary pari-mutuel organization or by a duly
27 licensed vendor.

28 (e) Conditions.--A licensed racing entity shall only accept
29 and tabulate a wager by a direct request via electronic media
30 from the holder of an electronic wagering account. Only the

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

2 (f) Primary market area.--

3 (1) A licensed racing entity or secondary pari-mutuel
4 organization may not accept a wager or establish electronic
5 wagering or advanced deposit account wagering for any person
6 located in the primary market area of a racetrack, other than
7 the racetrack at which the licensed racing entity is
8 conducting a race meeting.

9 (2) Nothing in this subsection shall be construed to
10 prohibit a licensed racing entity from accepting a wager from
11 or establishing an electronic wagering account for any person
12 located in the primary market area of the racetrack where the
13 licensed racing entity is conducting a meet. If two tracks
14 share the primary market area, both racetracks shall have
15 equal rights to the market in the shared area.

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

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

18 (1) Notwithstanding any other provision of this act, the
19 commission may approve a licensed racing entity to continue
20 to operate a nonprimary location where it has conducted pari-
21 mutuel wagering on horse races conducted by the licensed
22 racing entity. The licensed racing entity may continue to
23 conduct pari-mutuel wagering at the location on horse races
24 conducted by another licensed racing entity, which horse
25 races may be televised to the location or on horse races
26 simulcast to the location under section 216-A, provided that:

27 (i) A licensed racing entity has not established a
28 nonprimary location within the primary market area of any
29 racetrack other than a racetrack where the licensed
30 racing entity conducts horse race meetings. Establishment

1 of a nonprimary location by a licensed racing entity
2 within the primary market area of a racetrack where the
3 licensed racing entity conducts horse race meetings shall
4 require approval of the commission.

5 (ii) A licensed racing entity has not established a
6 nonprimary location within the secondary market area of a
7 racetrack if the nonprimary location is approved by the
8 commission.

9 (iii) A licensed racing entity has not established a
10 nonprimary location in an area outside the primary and
11 secondary market areas of any racetrack if the location
12 is approved by the commission.

13 (2) Except as provided under paragraph (1), no
14 additional licenses shall be permitted.

15 (3) The commission shall annually conduct inspections of
16 the primary facility.

17 (4) The regulatory authority of the commission shall
18 apply to nonprimary locations and any employees or vendors of
19 the licensed racing entity establishing the nonprimary
20 location.

21 (b) Taxation and records.--Money wagered at all primary and
22 nonprimary locations under this act shall be included in common
23 pari-mutuel pools. Money wagered by patrons on the races shall
24 be computed by the amount of money wagered each racing day for
25 purposes of taxation under section 224-A. The licensed racing
26 entity conducting the horse race meeting and maintaining the
27 pari-mutuel pools shall maintain accurate records of the amount
28 wagered in each pool from every primary and nonprimary location.

29 (c) Retention.--Money retained under section 224-A shall be
30 calculated for each location where pari-mutuel wagering is being

1 conducted. If wagering has taken place at a nonprimary location
2 where the wagering is conducted by a licensed racing entity
3 other than the licensed racing entity conducting the horse race
4 meeting, the licensed racing entity conducting the horse race
5 meeting shall retain any money to which it is entitled by
6 agreement. The licensed racing entity conducting the meeting
7 shall pay over the balance of the retained money to the licensed
8 racing entity conducting the wagering at the nonprimary
9 location.

10 (d) Payment of purses.--A licensed racing entity conducting
11 a horse race meeting where pari-mutuel wagering is conducted at
12 one or more nonprimary locations shall distribute money to the
13 horseman's organization, or in accordance with the practice of
14 the parties, to be used for payment of purses at that racetrack,
15 as follows:

16 (1) Except as provided for in paragraphs (2), (3), (4)
17 and (5), an amount equal to but not less than 6% of the daily
18 gross wagering handle on the races at a nonprimary location.

19 (2) When the gross wagering handle on the races at a
20 nonprimary location on a given day is less than \$30,000, the
21 percentage may not be less than 3%.

22 (3) When the gross wagering handle on the races at a
23 nonprimary location on a given day is between \$30,000 and
24 \$75,000, the percentage may not be less than 4.75%.

25 (4) Whenever a nonprimary location is within the primary
26 market area of a licensed racing entity other than the
27 licensed racing entity conducting the races, the applicable
28 percentage shall be distributed one-half to the horseman's
29 organization at the racetrack or in accordance with the
30 practice of the parties.

1 (5) Where the horse race meeting is being conducted to
2 be used for the payment of purses at the racetrack and one-
3 half to the horseman's organization, or in accordance with
4 the practice of the parties, at the racetrack within the
5 primary market area to be used for the payment of purses at
6 the racetrack.

7 Nothing in this subsection shall be construed to prevent a
8 licensed racing entity from agreeing to distribute amounts
9 greater than the percentages set forth in this subsection.

10 However, if no alternative agreement has been reached, the total
11 percentage for purses under this subsection shall be paid in
12 accordance with the minimum percentages set forth in this
13 subsection.

14 (e) Other payments.--Notwithstanding any other provision of
15 this act, a nonprimary location may be established within the
16 primary market area of a racetrack by agreement between the
17 licensed racing entity and the horseman's organization at the
18 racetrack specifying the total percentage of handle wagered at
19 the nonprimary location to be distributed to the horseman's
20 organization, or in accordance with the practice of the parties,
21 to be used for the payment of purses at that racetrack. If no
22 agreement is reached covering the locations, the total
23 percentage to be paid for purses shall be the same as that
24 applied to on-track wagering at the racetrack located within the
25 primary market area.

26 Section 222-A. Books and records of pari-mutuel wagering.

27 Every licensed racing entity that conducts a horse race
28 meeting at which pari-mutuel wagering is authorized, shall
29 maintain books and records that clearly show by separate record
30 the total amount of money contributed to every pari-mutuel pool.

1 The Department of Revenue or its authorized representative shall
2 have access to examine all books and records and ascertain
3 whether the proper amount due to the State is being paid by the
4 licensed racing entity.

5 Section 223-A. Filing of certain agreements with the
6 commission.

7 A licensed racing entity shall promptly file with the
8 commission any lease agreement concerning any concession, labor
9 management relation, hiring of designated classes of officers,
10 employees or contractors specified by the commission or any
11 other contract or agreement as the commission may prescribe.

12 Section 224-A. State Racing Fund and tax rate.

13 (a) Fund.--There is hereby established in the State Treasury
14 the State Racing Fund. All money deposited in the fund, except
15 money deposited in restricted accounts, shall be annually
16 appropriated by the General Assembly for the administration and
17 enforcement of this act and for the oversight and promotion of
18 horse racing in this Commonwealth. A licensed racing entity that
19 conducts horse race meetings or a secondary pari-mutuel
20 organization shall pay a tax to the Department of Revenue for
21 deposit in the State Racing Fund.

22 (b) Tax rate.--The tax imposed on a licensed racing entity
23 or secondary pari-mutuel organization shall be 1.5% of the
24 amount wagered each racing day on win, place or show wagers and
25 2.5% of the total amount on an exotic wager, including an
26 exacta, daily double, quinella and trifecta wager.

27 (c) Expenditures.--Funds collected under subsection (b) and
28 any interest shall be used as follows:

29 (1) For the administration and enforcement of this act
30 including:

1 (i) Funds to the commission in an amount
2 appropriated by the General Assembly.

3 (ii) Funds to the Department of Revenue in an amount
4 appropriated by the General Assembly.

5 (2) If annual revenue under subsection (b) is sufficient
6 to satisfy the requirement under paragraph (1), the remainder
7 of the money shall be distributed as follows:

8 ~~(i) An amount equivalent to 1% of the amount wagered <--~~
9 ~~each racing day at thoroughbred horse race meetings shall~~
10 ~~be paid by the Department of Revenue from the State~~
11 ~~Racing Fund for credit to the Pennsylvania Breeding Fund.~~

12 ~~(ii) An amount equivalent to 1.5% of the amount~~
13 ~~wagered each racing day at standardbred horse race~~
14 ~~meetings shall be paid by the Department of Revenue from~~
15 ~~the State Racing Fund for credit to the Pennsylvania Sire~~
16 ~~Stakes Fund.~~

17 (I) FIFTY PERCENT SHALL REMAIN IN THE STATE RACING <--
18 FUND AS A CARRY FORWARD BALANCE TO THE NEXT FISCAL YEAR
19 FOR COMMISSION EXPENSES AS BUDGETED BY THE GENERAL
20 ASSEMBLY.

21 (II) FIFTY PERCENT SHALL BE DIVIDED EQUALLY AND
22 DISTRIBUTED AS FOLLOWS:

23 (A) TWENTY-FIVE PERCENT SHALL BE PAID BY THE
24 DEPARTMENT OF REVENUE FROM THE STATE RACING FUND FOR
25 CREDIT TO THE PENNSYLVANIA BREEDING FUND.

26 (B) TWENTY-FIVE PERCENT SHALL BE PAID BY THE
27 DEPARTMENT OF REVENUE FROM THE STATE RACING FUND FOR
28 CREDIT TO THE PENNSYLVANIA SIRE STAKES FUND.

29 (d) Breakage.--All breakage retained under section 225-A by
30 licensed racing entities that conduct horse race meetings shall

1 be distributed in the following manner:

2 (1) ~~Seventy-five~~ FIFTY percent of the breakage shall be <--
3 paid to the Department of Revenue for credit to the State
4 Racing Fund.

5 (2) ~~Twenty-five~~ FIFTY percent of the breakage shall be <--
6 retained by the licensed racing entity to be used solely for <--
7 purses to the horsemen. All breakage money due to licensed
8 racing entities for the purses for claiming and nonclaiming
9 races under this paragraph but not expended as a result of a
10 race cancellation shall be carried forward to the next
11 succeeding horse race meeting by licensed racing entities to
12 be used for claiming and nonclaiming races which restrict
13 entry to horses sired in this Commonwealth under the
14 provisions of this paragraph.

15 (c) Transfer. If funds in the State Racing Fund are
16 insufficient to fund the costs of the administration and
17 enforcement of this act, the amount necessary to eliminate the
18 funding deficiency shall, notwithstanding any other provision of
19 law, be transferred by the State Treasury from the Race Horse
20 Development Fund to the State Racing Fund.

21 (E) TRANSFER.-- <--

22 (1) FOR FISCAL YEAR 2015-2016, EACH WEEK, \$310,000 IN
23 THE FUND SHALL BE TRANSFERRED FROM THE RACE HORSE DEVELOPMENT
24 FUND TO THE STATE RACING FUND FOR THE PURPOSE OF PAYING EACH
25 EXPENDITURE OF THE COMMISSION IN PERFORMING THE COMMISSION'S
26 OBLIGATIONS UNDER THIS ACT OR A FORMER ACT. THIS TRANSFER
27 SHALL NOT EXCEED \$6,200,000.

28 (2) BEGINNING ON THE EFFECTIVE DATE OF THIS SUBSECTION,
29 EACH WEEK, \$500,000 SHALL BE TRANSFERRED FROM THE RACE HORSE
30 DEVELOPMENT FUND TO THE STATE RACING FUND FOR DISTRIBUTION TO

1 AGRICULTURAL FAIRS PURSUANT TO THE ACT OF JULY 8, 1986
2 (P.L.437, NO.92), KNOWN AS THE PENNSYLVANIA AGRICULTURAL FAIR
3 ACT. THE TOTAL TRANSFER UNDER THIS PARAGRAPH SHALL NOT EXCEED
4 \$5,000,000 ANNUALLY.

5 (3) BEGINNING JULY 1, 2016, AND ANNUALLY THEREAFTER,
6 EACH WEEK, \$200,000 SHALL BE TRANSFERRED FROM THE RACE HORSE
7 DEVELOPMENT FUND TO THE STATE RACING FUND FOR DISTRIBUTION TO
8 AGRICULTURAL FAIRS PURSUANT TO THE PENNSYLVANIA AGRICULTURAL
9 FAIR ACT. THE TOTAL TRANSFER UNDER THIS PARAGRAPH SHALL NOT
10 EXCEED \$5,000,000.

11 (f) Other revenues.--The State Racing Fund may also receive
12 moneys from any other source, including, but not limited to
13 appropriations made by the General Assembly.

14 Section 225-A. Pari-mutuel pool distribution.

15 (a) Distribution.--A licensed racing entity shall distribute
16 money in a pari-mutuel pool to the holders of winning tickets
17 presented for payment before the first day of April of the year
18 following the date of purchase. FAILURE TO PRESENT A WINNING <--
19 TICKET WITHIN THE PRESCRIBED PERIOD OF TIME SHALL CONSTITUTE A
20 WAIVER OF THE RIGHT TO PARTICIPATE IN THE AWARD OR DIVIDEND.

21 After April 1 of the year following the year of purchase, a
22 licensed racing entity shall forward the necessary funds held
23 for uncashed tickets to the Department of Revenue. The funds
24 shall be deposited into the State Racing Fund.

25 (b) Remainder.--The remainder of the money shall be retained
26 by the licensed racing entity in the following manner:

27 (1) Seventeen percent of the money plus the breakage
28 from regular wagering pools or 19% of the money plus the
29 breakage from regular wagering pools for licensed racing
30 entities whose daily total in all pari-mutuel pools averaged

1 less than \$300,000.

2 (2) Twenty percent of the money plus breakage from the
3 exacta, daily double, quinella and other wagering pools as
4 determined by the commission.

5 (3) At least 26%, but no more than 35%, from the
6 trifecta or other wagering pools as determined by the
7 commission.

8 (c) Retention.--A licensed racing entity may retain lesser
9 percentages upon approval of the commission.

10 Section 226-A. Pennsylvania Breeding Fund.

11 (a) Establishment.--There is hereby created a restricted
12 account in the State Racing Fund to be known as the Pennsylvania
13 Breeding Fund which shall consist of the money deposited under
14 section 225-A and which shall be distributed by the commission.

15 (b) Awards from the Pennsylvania Breeding Fund.--The
16 commission shall distribute money from the Pennsylvania Breeding
17 Fund as follows:

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

30 (2) An award of 10% of the purse earned by any

1 REGISTERED thoroughbred racing horse sired in this
 2 Commonwealth which finishes first, second or third in any
 3 race conducted by a licensed racing entity under this act
 4 shall be paid to the owner of the registered Pennsylvania
 5 sire which regularly stood in Pennsylvania at the time of
 6 conception of the thoroughbred racing horse sired in this
 7 Commonwealth. A single award under this paragraph may not
 8 exceed 0.5% of the total annual fund money.

9 (3) An award of 10% of the purse earned by any
 10 registered thoroughbred racing horse sired in this
 11 Commonwealth which finishes first in any race conducted by a
 12 licensed racing entity under this act not restricting entry
 13 to registered thoroughbreds racing horse sired in this
 14 Commonwealth shall be paid to the licensed owner of said
 15 registered thoroughbred horse sired in this Commonwealth at
 16 the time of winning. A single award under this paragraph may
 17 not exceed 0.5% of the total annual fund money.

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

29 (d) Remaining funds.--The Pennsylvania Breeding Fund money
 30 remaining following disbursements as directed in subsection (b)

1 (1), (2) and (3) and subsection (c) shall be divided among the
2 licensed racing entities that conduct thoroughbred horse race
3 meetings in direct proportion to the rate by which each licensed
4 racing entity generated the fund money during the previous year
5 to be used for purses as follows:

6 (1) Claiming and nonclaiming Pennsylvania Breeding Fund
7 races which restrict entry to registered thoroughbred racing
8 horses sired in this Commonwealth.

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

16 (e) Funds not expended.--Pennsylvania Breeding Fund money
17 due to licensed racing entities, as outlined in subsections (c)
18 and (d), but not expended during the calendar year may be
19 carried forth in the fund on the accounts of the licensed racing
20 entities to be expended during the succeeding year in addition
21 to the racing entities' fund money annually due to them for
22 purses.

23 (e.1) Committee.--There is hereby established the
24 Pennsylvania Breeding Fund Advisory Committee within the
25 commission. The committee shall consist of five individuals, who
26 are residents of this Commonwealth, to be appointed by the
27 commission by June 1 of each year based on the recommendation of
28 the groups identified in this subsection. If a member other than
29 a commissioner has not been recommended by June 1 of each year,
30 the commission shall make an appointment for the organization

1 failing to so recommend a member of the committee. The committee
2 shall assist and advise the commission on the regulation of
3 horse racing breeding issues under this act but shall have no
4 power in administering the fund. Members of the advisory
5 committee shall not receive compensation or reimbursements for
6 participation on the committee. The committee shall consist of
7 the following members:

8 (1) Two members representing the Pennsylvania Horse
9 Breeders' Association.

10 (2) One member representing licensed racing entities.

11 (3) One member representing the association representing
12 horsemen racing in Pennsylvania.

13 (4) One member of the commission.

14 (f) Pennsylvania Horse Breeders' Association.--The
15 commission shall contract with the Pennsylvania Horse Breeders'
16 Association as the organization responsible for the registration
17 and records of thoroughbred racing horses sired in this
18 Commonwealth. The Pennsylvania Horse Breeders' Association shall
19 advise the commission when called upon and shall determine the
20 qualifications for thoroughbred racing horses sired in this
21 Commonwealth and Pennsylvania sires. Registration and records of
22 the association shall be official records of the Commonwealth
23 and shall be subject to the act of February 14, 2008 (P.L.6,
24 No.3), known as the Right-to-Know Law. At the close of each
25 calendar year, the Pennsylvania Horse Breeders' Association
26 shall submit to the commission for its approval an itemized
27 budget of projected expenses for the ensuing year relating to
28 the administration and development of the Pennsylvania Breeding
29 Fund Program. The commission shall reimburse the Pennsylvania
30 Horse Breeders' Association for those expenses actually incurred

1 in the administration and development of the Pennsylvania
2 Breeding Fund Program from the Pennsylvania Breeding Fund, no
3 more than on a quarterly basis. No more than 10% of the fund may ~~<--~~
4 be utilized for administrative costs.

5 Section 227-A. Pennsylvania Sire Stakes Fund.

6 (a) Establishment.--There is created a restricted account in
7 the State Racing Fund to be known as the Pennsylvania Sire
8 Stakes Fund which shall consist of the money deposited under
9 section 225-A and which shall be administered by the commission.

10 (b) Distribution and use of funds.--Funds shall be
11 distributed as follows:

12 (1) Sixty percent of the money remaining in the excess
13 fund account of the Pennsylvania Sire Stakes Fund at the end
14 of the calendar year in which this subsection is enacted
15 shall be distributed to licensed racing entities that conduct
16 standardbred horse race meetings to be used in the next
17 succeeding calendar year as purse money for Pennsylvania-
18 sired horses. The remaining 40% of the money in the excess
19 fund account at the end of the calendar year of the enactment
20 of this subsection, together with the interest earned on that
21 money, shall be distributed to licensed racing entities that
22 conduct standardbred horse race meetings to be used in the
23 next succeeding calendar year as purse money for
24 Pennsylvania-sired horses.

25 (2) After deduction of sufficient funds to cover the
26 commission's cost of administration, 80% of all remaining
27 money in the Pennsylvania Sire Stakes Fund at the end of the
28 calendar year shall be distributed to licensed racing
29 entities that conduct standardbred horse race meetings to be
30 used as purse money for Pennsylvania-sired horses. The

1 commission may allocate up to a total of 40% of the amount to
2 be distributed to licensed racing entities in a calendar year
3 for use for a series of championship final races at the
4 racetracks of licensed business entities that conduct
5 standardbred horse race meetings. The commission shall
6 distribute the money to these championship final races in an
7 equal amount for each sex, age and gait for two-year-old
8 trotters and pacers and three-year-old trotters and pacers
9 based on conditions establishing eligibility to these final
10 events. No pari-mutuel standardbred racetrack shall be
11 awarded more than 50% of the championship final races in any
12 calendar year. The commission shall schedule these final
13 events so as to evenly alternate classes at each racetrack
14 each year. After the allocation for the championship final
15 races has been determined, the remaining funds to be
16 distributed to licensed racing entities that conduct
17 standardbred horse race meetings shall be divided equally
18 among the licensed racing entities. Each licensed racing
19 entity shall divide the funds received equally for each of:

20 (i) four two-year-old races; one pace for colts, one
21 pace for fillies, one trot for colts and one trot for
22 fillies; and

23 (ii) four three-year-old races; one pace for colts,
24 one pace for fillies, one trot for colts and one trot for
25 fillies.

26 (c) Purse money.--Each allotment shall provide purse money
27 for the respective races. The purse money shall be in addition
28 to any entry fees or other funds available.

29 (d) Entry restriction.--Entry for these races shall be
30 limited to standardbred horses which were sired by a

1 standardbred stallion regularly standing in Pennsylvania and
2 each race shall be designated a Pennsylvania sire stakes race.
3 The commission shall adopt regulations as necessary to
4 administer the entry restriction.

5 (E) AGRICULTURAL FAIRS AND EVENTS.-- <--

6 (1) THE FOLLOWING SHALL APPLY:

7 (I) THE REMAINING MONEY IN THE PENNSYLVANIA SIRE
8 STAKES FUND, UP TO A TOTAL OF \$75,000 FOR EACH
9 AGRICULTURAL FAIR AND ONE-DAY OR TWO-DAY EVENTS AS
10 DEFINED IN THE COMMISSION'S REGULATIONS, SHALL BE DIVIDED
11 EQUALLY AMONG THE AGRICULTURAL FAIRS AND ONE-DAY OR TWO-
12 DAY EVENTS.

13 (II) NO MORE THAN FIVE ONE-DAY OR TWO-DAY EVENTS MAY
14 BE AUTHORIZED BY THE COMMISSION PER YEAR.

15 (III) NO MORE THAN TWO ONE-DAY OR TWO-DAY EVENTS PER
16 COUNTY MAY BE AUTHORIZED BY THE COMMISSION EXCEPT IF,
17 AFTER A DATE ESTABLISHED BY THE COMMISSION, THE FIVE
18 EVENTS REFERENCED UNDER SUBPARAGRAPH (II) CONDUCTING
19 HARNESS HORSE RACES FOR TWO-YEAR-OLD AND THREE-YEAR-OLD
20 HARNESS HORSES HAVE NOT BEEN ALLOCATED.

21 (IV) NOT LESS THAN \$225,000 SHALL BE ALLOCATED FROM
22 THE PENNSYLVANIA SIRE STAKES FUND AND BE DIVIDED EQUALLY
23 AMONG AGRICULTURAL FAIRS AND ONE-DAY OR TWO-DAY EVENTS
24 CONDUCTING HARNESS HORSE RACES FOR TWO-YEAR-OLD AND
25 THREE-YEAR-OLD HARNESS HORSES.

26 (2) EACH FAIR OR ONE-DAY OR TWO-DAY EVENT RECEIVING
27 FUNDS UNDER THIS SUBSECTION SHALL DIVIDE THE TOTAL AMOUNT
28 EQUALLY AMONG ALL ELIGIBLE RACES FOR TWO-YEAR-OLD AND THREE-
29 YEAR-OLD HARNESS HORSES AND SHALL APPLY THE FUNDS SOLELY AS
30 ADDITIONAL PURSE FUNDS. ONLY RACES TO WHICH ENTRY IS

1 RESTRICTED TO PENNSYLVANIA-SIRED HORSES SHALL BE ELIGIBLE.
2 THE COMMISSION SHALL PROVIDE FOR AND PROMULGATE REGULATIONS
3 NECESSARY FOR THE PROPER ADMINISTRATION OF RACING PROVIDED
4 FOR UNDER THIS SUBSECTION, INCLUDING, BUT NOT LIMITED TO,
5 PORTABLE STALL RENTALS AT ONE-DAY OR TWO-DAY EVENTS.

6 Section 228-A. Fair fund proceeds.

7 (a) Distribution.--The Department of Agriculture shall
8 distribute money in the fair fund annually, on or before March
9 1, for reimbursement for each county agricultural society and
10 each independent agricultural society conducting standardbred
11 horse racing during its annual fair, other than races for two-
12 year-old colts and fillies and three-year-old colts and fillies,
13 an amount of money equal to that used during their annual fair
14 as purse money for standardbred horse racing, track and stable
15 maintenance, starting gate rental and the cost of all
16 standardbred horse racing officials required during their annual
17 fair. The reimbursement amount may not be more than \$13,000, a
18 minimum of \$4,000 of which must be used for purse money and the
19 balance of the allotment per fair, not used for purse money over
20 the minimum \$4,000 allotment, shall be used for the specific
21 purposes referenced above or otherwise the allotment shall be
22 retained in the fund.

23 (b) Inspection.--The commission shall annually inspect each
24 track facility at a county fair and advise each operating fair
25 about track maintenance which is necessary to ensure adequate
26 racing surface during the course of scheduled fairs and racing
27 events. If it is the opinion of the commission that the fair
28 society or event sponsor is not adequately financing track
29 maintenance, the Department of Revenue shall surcharge the fair
30 fund account of the fair society or event sponsor to effectuate

1 the remediation.

2 Section 229-A. Hearing.

3 An applicant, licensee or other person whose application has
4 been denied or whose license has been suspended, revoked or not
5 renewed may request a hearing before the commission. The
6 provisions of 2 Pa.C.S. Chs. 5 Subch. A (relating to practice
7 and procedure of Commonwealth agencies) and 7 Subch. A (relating
8 to judicial review of Commonwealth agency action) shall apply,
9 unless superseded by the commission's administrative
10 regulations.

11 Section 230-A. Prohibition of wagering.

12 No commissioner or employee of the commission shall wager
13 upon the outcome of any horse race conducted at or simulcast to
14 a track at which pari-mutuel wagering is conducted by any
15 licensed racing entity regulated by the commission. No licensed
16 racing entity shall permit any person who is under 18 years of
17 age to wager at a horse race meeting conducted by the licensed
18 racing entity. No licensed racing entity shall permit any person
19 who is under 18 years of age to attend a horse race meeting
20 conducted by the licensed racing entity unless the person is
21 accompanied by a parent or guardian. This section shall not be
22 construed to prohibit persons under 18 years of age, who are
23 legally employed, from being upon the racetrack premises for the
24 sole purpose of engaging in the performance of their duties as
25 employees.

26 Section 231-A. Veterinarians and State stewards.

27 (a) General rule.--The commission shall have the authority
28 to employ or contract with licensed veterinarians, stewards and
29 other personnel deemed appropriate by the commission to serve at
30 each meeting conducted by a licensed racing entity. The

1 commission may employ or contract with other individuals as
2 shall be necessary to carry out the responsibilities of this
3 section.

4 (b) Costs and compensation.--The costs and compensation of
5 the horse racing veterinarians, State stewards and other
6 personnel shall be fixed and paid by the commission.

7 (c) Agricultural society horse racing.--The Department of
8 Agriculture may promulgate regulations to oversee horse racing
9 conducted by a county agricultural society or an independent
10 agricultural society, as provided for under section 5(1)(iii)
11 and (iv) of the act of July 8, 1986 (P.L.437, No.92), known as
12 the Pennsylvania Agricultural Fair Act. Pari-mutuel wagering may
13 not be conducted at a horse race at a fair of a political
14 subdivision.

15 Section 232-A. Promotions and discounts.

16 The commission may approve a licensed racing entity to issue
17 a free pass, card or badge for a special promotional program and
18 seasonal discount ticket program.

19 Section 233-A. Monitoring of wagering on video screens.

20 A licensed racing entity conducting pari-mutuel wagering
21 shall display on video screens the approximate odds or
22 approximate will-pays on each horse for each race as well as a
23 combination of races, including, but not limited to, quinellas,
24 exactas, perfectas and any other combination or pool of races. A
25 display of approximate odds or approximate will-pays is not
26 required where the wager is on horses in four or more races,
27 such as Pick 4, Pick 5 or Pick 6. In addition to displaying the
28 amount of money wagered, the approximate odds or approximate
29 will-pays on each horse or combination of horses must be shown
30 on video screens in each wagering division. For trifectas, in

1 lieu of odds or approximate will-pays, the amount of money being
2 wagered on each horse to win in the trifecta pool must be
3 displayed on video screens separately from any other
4 information. Information must be displayed from the opening of
5 bets or wagering and be continually displayed until the wagering
6 is closed. At least one video screen in each wagering division
7 shall display the amount of money wagered on each horse involved
8 in a trifecta pool.

9 Section 234-A. Intrastate simulcasting.

10 (a) General rule.--The commission shall permit intrastate
11 simulcasting of live horse racing between the licensed racing
12 entities that conduct live racing.

13 (b) Simulcast signal.--The simulcast signal shall be
14 encoded, and the racetrack receiving the simulcast signal may
15 not send the signal anywhere other than a public location
16 authorized under section 219-A.

17 (c) Forms of pari-mutuel wagering.--All forms of pari-mutuel
18 wagering described in section 225-A shall be allowed on a race
19 to be simulcasted under this section.

20 (d) Regulations.--The commission may promulgate regulations
21 on wagering and the operation of horse racing.

22 (e) Computation of money wagered.--The money wagered by a
23 patron on a race must be computed in the amount of money wagered
24 each racing day for purposes of taxation under section 224-A.

25 (f) Definition.--As used in this section, the term "racing
26 day" consists of a minimum of eight live races, except at
27 thoroughbred tracks on Breeders' Cup Event Day.

28 Section 235-A. Commingling.

29 (a) Applicability.--This section is applicable only to
30 licensed racing entities that conduct thoroughbred racing.

1 (b) Race secretary.--The race secretary shall receive
2 entries and declarations as an agent for the licensed racing
3 entity for which the race secretary acts. The race secretary or
4 an individual designated by the licensed racing entity may
5 receive stakes, forfeits, entrance money, jockey fees and other
6 fees, purchase money in claiming races and other money that can
7 properly come into the race secretary's possession as an agent
8 for the licensed racing entity for which the race secretary or
9 designee is acting.

10 (c) Horsemen's Account.--A licensed racing entity shall
11 maintain a separate account, to be known as a Horsemen's
12 Account. Money owed to owners in regard to purses, stakes,
13 rewards, claims and deposits shall be deposited into the
14 Horsemen's Account. Funds in the account are recognized and
15 denominated as being the sole property of owners. Deposited
16 funds may not be commingled with funds of the licensed racing
17 entity unless a licensed racing entity established an
18 irrevocable clean letter of credit with an evergreen clause in
19 favor of the organization which represents a majority of the
20 owners and trainers racing with the licensed racing entity. The
21 minimum amount of the credit must be the greater of \$1,000,000
22 or 110% of the highest monthly balance in the Horsemen's Account
23 in the immediate prior year. To calculate the monthly balance in
24 the Horsemen's Account, the sum of the daily balances shall be
25 divided by the number of days in the month. The evergreen clause
26 must provide that:

27 (1) thirty days prior to the expiration of the letter of
28 credit, the financial institution can elect not to renew the
29 letter of credit;

30 (2) upon an election under paragraph (1), the financial

1 institution must notify the designee of the organization that
2 represents a majority of the owners and trainers racing with
3 the licensed racing entity, by registered mail, return
4 receipt requested, of the election not to renew; and

5 (3) the financial institution will honor the letter of
6 credit for six months after expiration.

7 Purse money earned by owners shall be deposited by the licensed
8 racing entity in the Horsemen's Account within 48 hours after
9 the result of the race in which the money was earned has been
10 declared official and the purse has been released by the
11 commission.

12 (d) Accounting.--A licensed racing entity shall designate
13 individuals authorized to receive and disburse funds from the
14 Horsemen's Account. Individuals designated under this subsection
15 shall be bonded to provide indemnity for malfeasance,
16 nonfeasance and misfeasance. A certified copy of the bond shall
17 be filed with the commission.

18 (e) Examination, access and records.--The Horsemen's Account
19 and the investment and deposit schedules relating to the account
20 are subject to examination, at reasonable times, by a designee
21 of the organization which represents a majority of the owners
22 and trainers racing with the licensed racing entity and by the
23 commission. The individual designated under subsection (d) shall
24 provide each owner with access, at reasonable times during a
25 racing day, to the amount of funds in the Horsemen's Account
26 credited to that owner. At the close of a horse race meeting,
27 the designated individual shall mail to each owner a record of
28 deposits, withdrawals and transfers affecting the amount of
29 funds in the Horsemen's Account credited to that owner.

30 (f) Auditing and monthly statements.--The Horsemen's Account

1 shall be audited annually and at any other time determined by
2 the commission. Monthly statements shall be provided to the
3 designee of the organization which represents a majority of the
4 owners and trainers racing with the licensed racing entity and
5 the commission.

6 (g) Interest.--Fifty percent of the money earned as interest
7 on funds in the Horsemen's Account shall be paid to the
8 organization that represents a majority of the owners and
9 trainers racing with the licensed racing entity on a weekly
10 basis. The amount is for the benefit of the horsemen as
11 determined by the organization that represents the majority of
12 the owners and trainers racing with the licensed racing entity.
13 The remaining 50% of the interest earned is for the benefit of
14 the licensed racing entity that has the responsibility to fund
15 the costs associated with the administration of the fund.
16 Interest each month must be earned in an amount equal to the
17 Federal Reserve Discount Rate on the first day of the month.
18 Section 236-A. Standardbred horse racing purse money.

19 A licensed racing entity that conducts standardbred racing
20 must place on deposit with the commission by March 1 of each
21 year an irrevocable letter of credit equivalent to its average
22 weekly purse total from the immediate prior year. The commission
23 shall hold the letter of credit in trust for the standardbred
24 horsemen racing at that licensed racing entity's horse race
25 meeting if the purse checks are not issued or insufficient funds
26 are available to cover the purse checks.

27 CHAPTER 2-B

28 ~~LICENSING REQUIREMENTS FOR SECONDARY~~ <--

29 ~~PARI MUTUEL ORGANIZATION~~

30 ADDITIONAL LICENSING REQUIREMENTS FOR LICENSED RACING ENTITY, <--

1 SECONDARY PARI-MUTUEL ORGANIZATION, TOTALISATOR

2 AND OTHER VENDORS

3 Section 201-B. General license requirements.

4 (a) New application.--A person seeking to offer pari-mutuel
5 wagering and electronic wagering to individuals within this
6 Commonwealth must apply to the commission for a license by
7 submitting a completed Initial/Renewal License Application. The <--
8 license shall take effect and the LICENSED RACING ENTITY, <--
9 secondary pari-mutuel organization, TOTALISATOR OR OTHER VENDOR <--
10 may begin operations after approval by the commission.

11 (b) Renewal applications.--A license must be renewed
12 annually in accordance with this chapter, EXCEPT A LICENSED <--
13 RACING ENTITY WHICH MUST BE RENEWED IN ACCORDANCE WITH SECTION
14 208-A. A renewal application shall be submitted on the <--
15 Initial/Renewal License Application on or before September 1 of
16 the preceding year. If approved by the commission, a renewal
17 license shall take effect January 1.

18 ~~Section 202 B. Licensing costs and fees. Costs and fees are as~~

19 ~~FOLLOWS:~~

20 ~~SHALL BE SUBMITTED ON OR BEFORE 120 DAYS BEFORE THE EXPIRATION~~ <--
21 ~~OF A LICENSE TERM. IF THE APPLICATION IS APPROVED BY THE~~
22 ~~COMMISSION, A LICENSE RENEWAL SHALL TAKE EFFECT JANUARY 1.~~

23 SECTION 202-B. LICENSING COSTS AND FEES.

24 COSTS AND FEES ARE AS FOLLOWS:

25 (1) The applicant shall pay all costs incurred by the
26 commission in reviewing an application for an initial
27 license, including legal and investigative costs and the cost
28 of other necessary outside professionals and consultants in
29 accordance with the following:

30 (i) As an initial payment for these costs, the

1 applicant shall submit, along with a license application,
2 a cashier's check or certified check payable to the
3 commission in the amount of \$50,000.

4 (ii) Any portion of the payment not required to
5 complete the investigation shall be refunded to the
6 applicant within 20 days of the granting, withdrawal or
7 rejection of the initial license application.

8 (iii) To the extent additional costs will be
9 necessary, the applicant shall submit a cashier's check
10 or certified check payable to the commission in an amount
11 reasonably requested by the commission within 10 days of
12 receipt of the request. Failure to submit an additional
13 requested payment shall result in suspension of the
14 processing of the license application and may result in
15 denial of the license.

16 (2) An applicant for a renewal license shall pay all
17 reasonable costs incurred by the commission in reviewing a
18 renewal license, including legal and investigative costs and
19 the cost of other necessary outside professionals and
20 consultants in accordance with the following:

21 (i) The applicant shall submit a cashier's check or
22 certified check payable to the commission in an amount
23 reasonably requested by the commission within 10 days of
24 receipt of request.

25 (ii) Failure to submit the payment shall result in
26 suspension of the processing of renewing the license and
27 may result in denial of the license.

28 (3) THE FEE FOR A LICENSE UNDER SECTION 201-B(A) SHALL <--
29 BE \$250,000, EXCEPT THAT A TOTALISATOR SHALL PAY THE FEE
30 ESTABLISHED UNDER SECTION 214-A. IF AN APPLICANT PAID THE

1 LICENSE FEE UNDER 4 PA.C.S. § 1209 (RELATING TO SLOT MACHINE
2 LICENSE FEE), THE FEE REQUIRED UNDER THIS PARAGRAPH SHALL BE
3 DEEMED PAID. A FEE PAID UNDER THIS PARAGRAPH SHALL BE
4 TRANSFERRED TO THE STATE RACING FUND UPON CERTIFICATION OF
5 THE SECRETARY OF THE BUDGET.

6 (4) THE FEE FOR A LICENSE RENEWAL UNDER SECTION 201-B(B)
7 SHALL BE \$50,000. IF AN EXISTING LICENSEE UNDER THIS SECTION
8 PAID THE LICENSE FEE UNDER 4 PA.C.S. § 1209, THE FEE REQUIRED
9 UNDER THIS PARAGRAPH SHALL BE DEEMED PAID. A LICENSE RENEWAL
10 MAY NOT BE ISSUED UNTIL RECEIPT OF THE LICENSE RENEWAL FEE.
11 THE LICENSE FEE SHALL BE DEPOSITED INTO THE STATE RACING
12 FUND.

13 (5) A license fee of ~~\$500,000~~ \$250,000 shall be payable
14 to the commission upon issuance of the initial license and
15 the renewal license. A license shall not be issued until
16 receipt of the license fee each year. The license fee shall
17 be deposited in the State Racing Fund.

18 ~~(4)~~ (6) The commission shall be reimbursed for any <--
19 additional costs required to implement and enforce this
20 chapter.

21 ~~(5)~~ (7) Beginning two years following the effective date <--
22 of this paragraph, the commission may annually increase a
23 fee, charge or cost provided for under this section by an
24 amount not to exceed an annual cost-of-living adjustment
25 calculated by applying the percentage change in the Consumer
26 Price Index for All Urban Consumers (CPI-U) for the
27 Pennsylvania, New Jersey, Delaware and Maryland area for the
28 most recent 12-month period for which figures have been
29 officially reported by the United States Department of Labor,
30 Bureau of Labor Statistics, immediately prior to the date the

1 adjustment is due to take effect.

2 Section 203-B. License application procedures.

3 (a) Application for license.--An application for an initial
4 or renewal license shall be in the form and manner prescribed by
5 the commission in accordance with this chapter. The commission
6 may deny a license to an applicant that provides false or
7 misleading information on or omits material information from the
8 application. The application shall include all of the following:

9 (1) The applicant's legal name.

10 (2) The location of the applicant's principal office.

11 (3) The name, address and date of birth of each
12 principal with a five percent or greater share of ownership
13 or beneficial interest in the applicant.

14 (4) Audited financial statements for the last three
15 years or, if the applicant does not have audited financial
16 statements, financial and other pertinent information as
17 required by the commission to determine that the applicant is
18 financially capable of operating as a going concern and
19 protecting accounts.

20 (5) A detailed plan of how the wagering system will
21 operate. The commission may require changes in the proposed
22 plan of operations as a condition of granting a license.
23 There shall not be subsequent material changes in the plan of
24 operations unless ordered by the commission or until approved
25 by the commission after receiving a written request.

26 (6) A list of all personnel processing wagers on races
27 made by residents of this Commonwealth. This list shall be
28 kept current and be provided to the commission upon request.

29 (7) Copies of all documents required under this
30 subsection by the commission.

1 (b) Review.--In reviewing an application, the commission may
2 consider any information, data, report, finding or other factor
3 available that it considers important or relevant to the
4 determination of whether the applicant is qualified to hold a
5 license, including all of the following:

6 (1) The integrity of the applicant and its principals,
7 including:

8 (i) Whether the applicant or its principals are
9 unsuitable.

10 (ii) Whether the applicant or its principals have
11 been a party to litigation over business practices,
12 disciplinary actions over a business license or refusal
13 to renew a license.

14 (iii) Whether the applicant or its principals have
15 been a party to proceedings in which unfair labor
16 practices, discrimination or violation of government
17 regulations pertaining to racing or gaming laws was an
18 issue or bankruptcy proceedings.

19 (iv) Whether the applicant or its principals have
20 failed to satisfy judgments, orders or decrees.

21 (v) Whether the applicant or its principals have
22 been delinquent in filing tax reports or remitting taxes.

23 (2) The quality of physical facilities and equipment.

24 (3) The financial ability of the applicant to conduct
25 wagering.

26 (4) The protections provided to safeguard accounts,
27 including a certification from the licensee's chief financial
28 officer that account funds will not be commingled with other
29 funds as required under this chapter.

30 (5) The management ability of the applicant and its

1 principals.

2 (6) Compliance of the applicant with applicable
3 statutes, charters, ordinances and administrative
4 regulations.

5 (7) The efforts of the applicant to promote, develop and
6 improve the horse racing industry in this Commonwealth.

7 (8) The efforts of the applicant to safeguard and
8 promote the integrity of pari-mutuel wagering in this
9 Commonwealth.

10 (9) The economic impact of the applicant upon the
11 Commonwealth.

12 Section 204-B. Oral presentation by applicant.

13 (a) Application.--The application presentation shall be in
14 accordance with all of the following:

15 (1) The commission may require an applicant to make an
16 oral presentation prior to the ruling in order to clarify or
17 otherwise respond to questions concerning the application as
18 a condition to the issuance or renewal of a license.

19 (2) The presentation shall be limited to the information
20 contained in the applicant's application and any supplemental
21 information relevant to the commission's determination of the
22 applicant's suitability.

23 (3) The admission as evidence of the supplemental
24 information shall be subject to the discretion of the
25 commission.

26 (b) Incomplete application.--If the commission deems an
27 applicant's application incomplete and does not accept it for
28 filing, the applicant shall not be entitled to make an oral
29 presentation.

30 Section 205-B. Additional information.

1 The commission may request additional information from an
2 applicant if the additional information would assist the
3 commission in deciding whether to issue or renew a license,
4 including all of the following:

5 (1) Copies of any documents used by the applicant in
6 preparing the application.

7 (2) A list of each contract between the applicant and a
8 third party related to operations. The commission may review
9 the contracts at any time upon request.

10 Section 206-B. Operations.

11 (a) Prior to operating requirements.--Before doing business
12 in this Commonwealth all of the following are required of a
13 licensee:

14 (1) Be qualified to do business in this Commonwealth.

15 (2) Submit a copy of each document required to be filed
16 with the Department of Revenue and each document related to
17 an audit or investigation by any Federal, State or local
18 regulatory agency to the commission.

19 (3) Remit to the commission a copy of each document
20 required to be filed with any Federal, State or local
21 regulatory agency.

22 (b) Requirements.--

23 (1) A licensee shall submit quarterly reports to the
24 commission providing amounts wagered by residents in this
25 Commonwealth and amounts wagered on races in this
26 Commonwealth.

27 (2) A licensee shall enter into an agreement with each
28 licensed racing entity in this Commonwealth on whose races
29 the licensee offers wagering regarding payment of host fees
30 and any other applicable fees, costs or payments of any kind

1 to be paid to the licensed racing entity. The licensed racing
2 entity and the applicable horseman's organization shall
3 negotiate a separate agreement for contributions to the purse
4 account.

5 (3) A licensee shall not commingle account funds with
6 other funds.

7 (4) A licensee shall provide quarterly financial
8 statements to the commission for the first calendar year of
9 operation if the licensee does not have audited financial
10 statements for the last three years as referenced in section
11 203-B(a) (4).

12 (5) A licensee shall use and communicate pari-mutuel
13 wagers to a totalisator licensed by the commission.

14 (6) A licensee shall operate and communicate with the
15 totalisator in such a way as not to provide or facilitate a
16 wagering advantage based on access to information and
17 processing of wagers by account holders relative to
18 individuals who wager at licensed racing entities or
19 simulcast facilities.

20 (7) All personnel processing wagers made by residents of
21 this Commonwealth shall be licensed by the commission.

22 (8) Accounts shall only be accepted in the name of an
23 individual and shall not be transferable. Only individuals
24 who have established accounts with a licensee may wager
25 through a licensee.

26 (9) Each account holder shall provide personal
27 information as the licensee and the commission require,
28 including all of the following:

29 (i) Name.

30 (ii) Principal residence address.

1 (iii) Telephone number.

2 (iv) Social Security number.

3 (v) Date of birth.

4 (vi) Other information necessary for account
5 administration.

6 (10) The information supplied by the account holder
7 shall be verified by the licensee using means acceptable to
8 the commission. A secondary pari-mutuel organization must
9 verify that the account holder does not reside within the
10 primary market area of a licensed racing entity.

11 (11) The licensee shall provide each account holder a
12 secure personal identification code and password to be used
13 by the account holder to confirm the validity of every
14 account transaction.

15 (12) An employee or agent of the licensee shall not
16 disclose any confidential information except the following:

17 (i) To the commission.

18 (ii) To the account holder as required by this
19 chapter.

20 (iii) To the licensee and its affiliates.

21 (iv) To the licensed racing entity as required by
22 the agreement between the licensee and the licensed
23 racing entity.

24 (v) As otherwise required by law.

25 (13) The licensee shall provide each account holder a
26 copy of account holder rules and the terms of agreement and
27 other information and materials that are pertinent to the
28 operation of the account.

29 (14) The licensee may refuse to establish an account if
30 it is found that any of the information supplied is false or

1 incomplete or for any other reason the licensee deems
2 sufficient.

3 (15) Each account shall be administered in accordance
4 with the account holder rules and the terms of agreement
5 provided to account holders, including:

6 (i) Placing of wagers.

7 (ii) Deposits to accounts.

8 (iii) Credits to accounts.

9 (iv) Debits to accounts.

10 (v) Refunds to accounts.

11 (vi) Withdrawals from accounts.

12 (vii) Minimum deposit requirements.

13 (viii) Fees per wager.

14 (ix) Rebates.

15 (16) Each licensee shall have protocols in place and
16 shall publicize to its account holders when the wagers are
17 excluded from a host racetrack's wagering pool. These
18 protocols shall include an immediate electronic mail message
19 to affected account holders and immediate posting on the
20 licensee's publicly accessible Internet website.

21 (17) A licensee shall maintain complete records of the
22 application and the opening of an account for the life of the
23 account plus two additional years. A licensee shall also
24 maintain complete records of the closing of an account for
25 two years after closing. These records shall be provided to
26 the commission upon request.

27 (18) A licensee shall maintain complete records of all
28 transactions, including deposits, credits, debits, refunds,
29 withdrawals, fees, wagers, rebates and earnings for two
30 years. These records shall be provided to the commission upon

1 request.

2 (19) All wagering conversations, transactions or other
3 wagering communications, verbal or electronic, shall be
4 recorded by means of the appropriate electronic media and the
5 tapes or other records of the communications shall be kept by
6 the licensee for a period of two years. These tapes and other
7 records shall be made available to the commission upon
8 request.

9 (20) The recording of the confirmation of the
10 transaction, as reflected in the voice or other data
11 recording, shall be deemed to be the actual wager regardless
12 of what was recorded by the totalisator.

13 (21) A licensee shall not accept wagers if its recording
14 system is not operable.

15 (22) The commission may monitor the equipment and staff
16 and review the records of a licensee and any of the
17 transactions conducted by the licensee with regards to wagers
18 made by residents of this Commonwealth.

19 (23) A licensee may suspend or close any account for
20 violation of the account holder rules and the terms of
21 agreement or any other reason it deems sufficient, if the
22 licensee returns to the account holder all money then on
23 deposit within seven calendar days.

24 Section 207-B. Transfers of licenses.

25 A transfer of licenses shall be done in accordance with the
26 following:

27 (1) A license issued under this chapter shall not be
28 transferable or assignable.

29 (2) A substantial change in ownership in a licensee
30 shall result in termination of the license unless prior

1 written approval has been obtained from the commission. A
2 request for approval of a substantial change in ownership
3 shall be made on a form designated by the commission. Upon
4 receipt of all required information, the commission shall, as
5 soon as practicable, make a determination whether to
6 authorize and approve the substantial change in ownership.

7 (3) Notice of a nominal change in ownership shall be
8 filed with the commission within 15 days of the execution of
9 the documents upon which the proposed nominal change in
10 ownership will be based.

11 (4) For purposes of paragraph (3), notice is not
12 required for any of the following:

13 (i) A nominal change in ownership if the licensee is
14 a publicly traded corporation.

15 (ii) The transfer of an ownership interest in a
16 licensed racing entity, whether substantial or nominal,
17 direct or indirect, if by a publicly traded corporation,
18 and if the beneficial ownership transferred is acquired
19 by an individual who holds the voting securities of the
20 publicly traded corporation for investment purposes only.

21 (5) Any attempt to effect a substantial change in
22 ownership under this section if not done so in writing shall
23 be considered void by the commission.

24 Section 208-B. Duration of license.

25 A license issued under this chapter shall be valid for one
26 calendar year for which the license is issued.

27 Section 209-B. Penalties and enforcement.

28 All of the following apply:

29 (1) The commission shall have all of the rights, powers
30 and remedies necessary to carryout this chapter and to ensure

1 compliance with this chapter, including revocation,
2 suspension or modification of a license and the imposition of
3 fines under section 215-A.

4 (2) With respect to an individual or entity that offers
5 pari-mutuel wagering to residents of this Commonwealth
6 without a license issued by the commission, the commission
7 may take the measures deemed necessary, including referral to
8 the appropriate regulatory and law enforcement authorities
9 for civil action or criminal penalties.

10 (3) Upon the finding of a violation by a secondary pari-
11 mutuel organization OR TOTALISATOR of this chapter or of a <--
12 commission regulation or order or upon the finding of
13 unlicensed electronic or advanced deposit account wagering by
14 an 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 permittees.--A licensee or permittee 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 permittee.

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. In
4 order to properly determine the schedule of drugs and the
5 tolerance levels under this subsection, the commission may
6 conduct research or contract with a vendor to conduct the
7 research. The commission may consult with the Pennsylvania Board
8 of Veterinary Medicine, academic institutes, AND associations <--
9 representing the majority of the horse owners and experts.

10 (b) The [commissions] commission shall establish in their
11 rules or regulations penalty provisions for the violation of
12 these rules or regulations.

13 Section 5. Section 302(a) and (c) of the act, amended May
14 16, 1986 (P.L.205, No.63), are amended to read:

15 Section 302. Establishment of the Pennsylvania Race Horse
16 Testing Program.

17 (a) There is hereby established the Pennsylvania Race Horse
18 Testing Program. The program shall be administered by [a
19 management committee composed of the two chairpersons of the
20 commissions, the Secretary of Agriculture and two persons
21 appointed by the Governor. One person appointed by the Governor
22 must be a doctor of veterinary medicine or a veterinary medical
23 doctor and a member of the faculty of a school of veterinary
24 medicine located within this Commonwealth and the other person
25 must be employed within the private sector and have a background
26 in biological and/or chemical laboratory management. The program
27 is placed in and made a part of the Department of Agriculture]
28 the commission. All costs of the program shall be paid by the
29 [commissions] appropriations allocated under section 304.

30 [Subject to all provisions of the act of April 9, 1929 (P.L.177,

1 No.175), known as "The Administrative Code of 1929," that apply
2 to the department, the management committee shall appoint and
3 direct all personnel as necessary, establish a facility or
4 contract for the provision of testing services, acquire all
5 necessary equipment and supplies and adopt all necessary
6 procedures.]

7 * * *

8 [(c) In order to evaluate the effectiveness of testing
9 services performed by personnel of the Department of Agriculture
10 and determine whether the manner in which these services are
11 provided, the tests utilized and tolerance levels permitted
12 should be modified, the commissions shall equally fund a
13 contracted evaluation of existing laboratory services to be
14 conducted by a nongovernmental entity with documented expertise
15 to accurately evaluate existing laboratory services and
16 formulate recommendations for improvement of the testing
17 program. Upon review of the evaluation results, the department
18 may implement in consultation with the management committee a
19 program to improve laboratory services, including, if necessary
20 and appropriate, the selection of a contractor or contractors to
21 provide testing services. This study shall be completed on or
22 before January 1, 1987, and copies provided to the Governor, the
23 President pro tempore of the Senate, the Speaker of the House of
24 Representatives and the members of the State Government
25 Committees of the Senate and the House of Representatives within
26 15 working days.]

27 Section 6. ~~Section 304 of the act is~~ SECTIONS 303 AND 304 OF <--
28 THE ACT ARE amended to read:

29 SECTION 303. EQUIPMENT, SUPPLIES AND FACILITIES. <--

30 THE COSTS OF ALL EQUIPMENT, SUPPLIES AND FACILITIES, EXCEPT

1 HOLDING BARNS OR STABLES, TO BE LOCATED AT RACE HORSE MEETING
2 FACILITIES, GROUNDS OR ENCLOSURES OR AT OTHER LOCATIONS
3 DESIGNATED BY THE MANAGEMENT COMMITTEE SHALL BE PAID BY THE
4 [COMMISSIONS] COMMISSION.

5 Section 304. Costs of the enforcement of the medication rules
6 or regulations.

7 [All costs for the collection and testing samples for any
8 manner of medication shall be paid by the commissions.] ~~Each~~ <--

9 (A) AUTHORIZATION.--EACH year, the General Assembly shall <--
10 authorize the transfer of funds from the Pennsylvania Race Horse
11 Development Fund to the State Racing Fund to provide for each
12 cost associated with the collection and research of and testing
13 for medication, which shall include the cost of necessary
14 personnel, equipment, supplies and facilities, except holding
15 barns or stables, to be located at horse race facilities, <--
16 grounds or enclosures or at other locations designated by the
17 commission. ALL SUCH COSTS SHALL BE REVIEWED AND APPROVED BY THE <--
18 COMMISSION. The transfer shall be made in ~~12 equal monthly~~ 52 <--
19 EQUAL WEEKLY installments during the fiscal year before any
20 other distribution from the Pennsylvania Race Horse Development
21 Fund. Transfers made under this section shall not exceed 5% of
22 the total funds available in PREVIOUS FISCAL YEAR'S DEPOSITS <--
23 INTO the Pennsylvania Race Horse Development Fund.

24 (B) EXPIRATION.--SUBSECTION (A) SHALL EXPIRE AT 11:59 P.M. <--
25 ON JUNE 30, 2020. AFTER JUNE 30, 2020, ALL COSTS FOR THE
26 PENNSYLVANIA RACE HORSE TESTING PROGRAM AND THE COLLECTION AND
27 TESTING OF SAMPLES FOR ANY MANNER OF MEDICATION SHALL BE PAID BY
28 THE COMMISSION.

29 SECTION 7. NO LATER THAN ONE YEAR AFTER THE EFFECTIVE DATE
30 OF THIS SECTION, THE JOINT STATE GOVERNMENT COMMISSION, WITH

1 ASSISTANCE FROM THE INDEPENDENT FISCAL OFFICE, SHALL CONDUCT A
2 STUDY AND PROVIDE A REPORT TO THE CHAIRPERSON AND MINORITY
3 CHAIRPERSON OF THE AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF
4 THE SENATE AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE
5 AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF THE HOUSE OF
6 REPRESENTATIVES. THE REPORT SHALL INCLUDE AN ASSESSMENT OF THE
7 FINANCIAL, REGULATORY AND MARKET FACTORS LISTED UNDER PARAGRAPHS
8 (1), (2), (3), (4), (5), (6), (7), (8) AND (9) AND SHALL OFFER
9 RECOMMENDATIONS ON BEST PRACTICES IN EACH AREA FOR THE
10 COMMONWEALTH TO CONSIDER. THE STUDY SHALL PROVIDE AN ASSESSMENT
11 OF AND RECOMMENDATION ON THE FOLLOWING:

12 (1) POTENTIAL COST SAVINGS AND REGULATORY STREAMLINING
13 IN THE OVERSIGHT OF RACING, INCLUDING THOSE ASSOCIATED WITH
14 COMBINING PENNSYLVANIA'S GAMING OVERSIGHT FUNCTIONS, SUCH AS
15 HORSE RACING, CASINO GAMING AND LOTTERY, INTO A SINGLE,
16 COORDINATED ENTITY.

17 (2) THE NECESSITY, EFFICIENCY AND BENEFITS OF HAVING
18 SEPARATE RACING COMMISSIONS OR DIVISIONS WITHIN A SINGLE
19 COMMISSION FOR THOROUGHBRED AND HARNESS TRACKS.

20 (3) A DETERMINATION OF BEST REGULATORY PRACTICES IN
21 OTHER JURISDICTIONS, SUCH AS NEW YORK, OHIO AND MARYLAND AND
22 OTHER STATES OR PROVINCES AND COMPARING PENNSYLVANIA'S
23 APPROACH AGAINST THE BEST REGULATORY PRACTICES IN OTHER
24 JURISDICTIONS.

25 (4) IN ADDITION TO THE AUDITOR GENERAL'S JUNE 17, 2014,
26 SPECIAL PERFORMANCE AUDIT OF THE STATE RACING FUND, A
27 DETERMINATION OF WHAT SAFEGUARDS AND POLICIES CAN BE
28 IMPLEMENTED TO AVOID FUTURE INAPPROPRIATE DEPARTMENT OF
29 AGRICULTURE COST ALLOCATIONS TO THE RACING COMMISSIONS.

30 (5) AN EVALUATION OF THE COST EFFECTIVENESS OF THE

1 PENNSYLVANIA EQUINE TOXICOLOGY RESEARCH LABORATORY AND
2 COMPARING THE LABORATORY'S FUNCTIONS TO OTHER JURISDICTIONS.

3 (6) CONSIDERATION OF THE IMPOSITION OF INCREASED FINES
4 AND THE ASSESSMENT OF PENNSYLVANIA EQUINE TOXICOLOGY RESEARCH
5 LABORATORY COSTS AGAINST THOSE FOUND TO HAVE ENGAGED IN THE
6 IMPERMISSIBLE DOPING OF RACE HORSES AND EXAMINATION OF HOW TO
7 STRENGTHEN PROPERTY OWNER RIGHTS IN THE EJECTION OF BAD
8 ACTORS IN RACING.

9 (7) A DETERMINATION OF THE ECONOMIC RETURN TO THE
10 COMMONWEALTH ON THE INVESTMENT OF GAMING TAX REVENUES
11 COLLECTED UNDER THE ACT OF JULY 5, 2004 (P.L.572, NO.71),
12 ENTITLED, "AN ACT AMENDING TITLE 4 (AMUSEMENTS) OF THE
13 PENNSYLVANIA CONSOLIDATED STATUTES, AUTHORIZING CERTAIN
14 RACETRACK AND OTHER GAMING; PROVIDING FOR REGULATION OF
15 GAMING LICENSEES; ESTABLISHING AND PROVIDING FOR THE POWERS
16 AND DUTIES OF THE PENNSYLVANIA GAMING CONTROL BOARD;
17 CONFERRING POWERS AND IMPOSING DUTIES ON THE DEPARTMENT OF
18 REVENUE, THE DEPARTMENT OF HEALTH, THE OFFICE OF ATTORNEY
19 GENERAL, THE PENNSYLVANIA STATE POLICE AND THE PENNSYLVANIA
20 LIQUOR CONTROL BOARD; ESTABLISHING THE STATE GAMING FUND, THE
21 PENNSYLVANIA RACE HORSE DEVELOPMENT FUND, THE PENNSYLVANIA
22 GAMING ECONOMIC DEVELOPMENT AND TOURISM FUND, THE COMPULSIVE
23 AND PROBLEM GAMBLING TREATMENT FUND AND THE PROPERTY TAX
24 RELIEF FUND; PROVIDING FOR ENFORCEMENT; IMPOSING PENALTIES;
25 MAKING APPROPRIATIONS; AND MAKING RELATED REPEALS."

26 (8) A DETERMINATION OF THE NATURE OF THOROUGHBRED AND
27 STANDARD BRED BREEDING IN THIS COMMONWEALTH SINCE THE
28 ENACTMENT OF THE ACT OF JULY 5, 2004 (P.L.572, NO.71), AND
29 COMPARING IT TO THE NATURE OF BREEDING BEFORE ENACTMENT OF
30 THE ACT OF JULY 5, 2004 (P.L.572, NO.71).

1 (9) A DETERMINATION OF HOW PENNSYLVANIA'S RACE HORSE
2 INDUSTRY AND REGULATORY ENTITIES CAN BEST BE POSITIONED FOR
3 FUTURE SUCCESS OR AT A MINIMUM FINANCIAL STABILITY IN AN
4 ENVIRONMENT OF DECLINING RACE TRACK PATRONS AND HANDLE,
5 COMPETITION FROM LIVE RACING FROM NEIGHBORING STATES AND THE
6 INCREASING AVAILABILITY OF ALTERNATIVE GAMING PLATFORMS, SUCH
7 AS INTERNET AND MOBILE GAMING AND FANTASY SPORTS.
8 SPECIFICALLY, THE STUDY SHALL CONSIDER OPTIONS FOR REFORMING
9 AND PROMOTING HORSE RACING MEETINGS THAT WILL INCREASE
10 HANDLE, REDUCE RACING COSTS, PROMOTE THE HEALTH OF THE HORSE
11 AND ADVANCE THE BEST INTERESTS OF RACING FANS AND BETTORS.

12 SECTION 8. REPEALS ARE AS FOLLOWS:

13 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
14 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE AMENDMENT OR
15 ADDITION OF SECTIONS 102, 212-A, 219-A, 220-A AND 224-A OF
16 THE ACT.

17 (2) ARTICLE XVI-B OF THE ACT OF MARCH 4, 1971 (P.L.6,
18 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, IS REPEALED.

19 Section 7 9. This act shall take effect as follows: <--

20 (1) The following provisions shall take effect
21 immediately:

22 (i) ~~Section 201-A~~ SECTIONS 201-A AND 224-A of the <--
23 act.

24 (ii) This section.

25 (III) SECTIONS 7 AND 8 OF THIS ACT. <--

26 (2) The remainder of this act shall take effect in 90
27 days.