
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 900 Session of
2015

INTRODUCED BY WARD, TOMLINSON, VOGEL, SCARNATI, BARTOLOTTA AND
STEFANO, JUNE 9, 2015

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JUNE 9, 2015

AN ACT

1 Amending Title 4 (Amusements) of the Pennsylvania Consolidated
2 Statutes, in licensees, further providing for additional
3 Category 1 slot machine license requirements, for Category 3
4 slot machine licenses and providing for casino liquor
5 licenses and for slot machines at nonprimary or ancillary
6 locations; and providing for Internet gaming.

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

9 Section 1. Section 1303(b) of Title 4 of the Pennsylvania
10 Consolidated Statutes is amended to read:

11 § 1303. Additional Category 1 slot machine license
12 requirements.

13 * * *

14 (b) Required racing days.--

15 (1) Except as provided in subsection (a) (2), a Category
16 1 slot machine licensee must conduct live racing at the
17 racetrack for at least 100 days per calendar year for each
18 license held by the licensed racing entity pursuant to the
19 Race Horse Industry Reform Act, and the aggregate number of

1 live racing days at the racetrack where the Category 1 slot
2 machine licensee conducts live racing shall not be less than
3 95% of the total number of horse or harness racing days that
4 were scheduled in 1986 at that racetrack. If a racing day is
5 canceled for reasons beyond the control of the licensed
6 racing entity, the appropriate commission shall grant the
7 licensee the right to conduct that racing day in the same or
8 next ensuing calendar year. The purse for that racing day
9 shall not be used for the purse of other scheduled racing
10 days of that calendar year and must be used for the purse of
11 such rescheduled day.

12 (2) Notwithstanding the provisions of paragraph (1), a
13 Category 1 licensed facility that holds and operates two
14 licenses at a single racetrack issued under the Race Horse
15 Industry Reform Act shall only be required to conduct live
16 racing at the racetrack for not fewer than 100 days per
17 calendar year.

18 * * *

19 Section 2. Section 1305(a)(1)(iv) of Title 4 is amended and
20 the subsection is amended by adding a paragraph to read:

21 § 1305. Category 3 slot machine license.

22 (a) Eligibility.--

23 (1) A person may be eligible to apply for a Category 3
24 slot machine license if the applicant, its affiliate,
25 intermediary, subsidiary or holding company has not applied
26 for or been approved or issued a Category 1 or Category 2
27 slot machine license and the person is seeking to locate a
28 Category 3 licensed facility in a well-established resort
29 hotel having no fewer than 275 guest rooms under common
30 ownership and having substantial year-round recreational

1 guest amenities. The applicant for a Category 3 license shall
2 be the owner or be a wholly owned subsidiary of the owner of
3 the well-established resort hotel. A Category 3 license may
4 only be granted upon the express condition that an individual
5 may not enter a gaming area of the licensed facility if the
6 individual is not any of the following:

7 * * *

8 (iv) [An] Except as provided under paragraph (1.2),
9 an individual holding a valid membership approved in
10 accordance with paragraph (1.1) or a guest of such
11 individual.

12 * * *

13 (1.2) The requirements under paragraph (1)(i), (ii) and
14 (iii) and the membership fee required under paragraphs (1)
15 (iv) and (1.1) shall not apply to the licensed facility if
16 the Category 3 slot machine licensee makes a payment to the
17 Commonwealth for deposit in the General Fund as follows:

18 (i) For a Category 3 in a first through third class
19 county, \$5,000,000.

20 (ii) For a Category 3 in a fourth through eighth
21 class county, \$2,500,000.

22 * * *

23 Section 3. Title 4 is amended by adding sections to read:

24 Section 1305.1. Casino liquor license.

25 (a) Special license.--A Category 1, Category 2 or Category 3
26 slot machine licensee or other person that holds a restaurant
27 license issued by the Pennsylvania Liquor Control Board which
28 permits the sale of liquor or malt or brewed beverages under
29 section 1521(b) or (c) (relating to liquor licenses at licensed
30 facilities) and which sells liquor or malt or brewed beverages

1 at or adjacent to a gaming facility may convert its restaurant
2 license to a casino liquor license upon payment of the fees
3 specified under subsection (b).

4 (b) Fees.--In order to obtain a casino liquor license the
5 following fees must be paid:

6 (1) A slot machine licensee shall pay a one-time
7 conversion fee of \$5,000,000 to the Commonwealth for deposit
8 in the General Fund.

9 (2) Each restaurant licensee that does not hold a slot
10 machine license but operates within or adjacent to the gaming
11 facility must pay a one-time fee of \$10,000 to the
12 Pennsylvania Liquor Control Board for deposit in the General
13 Fund.

14 (3) In addition to any renewal fee imposed by the
15 Pennsylvania Liquor Control Board on a restaurant license, an
16 annual renewal fee of \$500 must be paid to the Pennsylvania
17 Liquor Control Board.

18 (c) Renewal.--

19 (1) Upon payment of the annual renewal fee under
20 subsection (b), the casino liquor license shall be deemed
21 renewed without further action of the Pennsylvania Liquor
22 Control Board. If the annual renewal fee is not timely paid,
23 the casino liquor license shall be suspended until the annual
24 renewal fee is paid.

25 (2) The fees provided under subsection (b) shall be in
26 addition to any fee imposed under section 614-A of the act of
27 April 9, 1929 (P.L.177, No.175), known as The Administrative
28 Code of 1929.

29 (d) Provision of liquor and malt or brewed beverages.--

30 (1) A casino liquor license may not be revoked or

1 suspended for a violation of 18 Pa.C.S. § 6310.1 (relating to
2 selling or furnishing liquor or malt or brewed beverages to
3 minors) unless the licensee has committed three or more
4 violations of 18 Pa.C.S. § 6310.1.

5 (2) A casino liquor license may provide liquor and malt
6 or brewed beverages for on-premises consumption 24 hours a
7 day, seven days a week.

8 (e) Applicability.--This section shall apply to a restaurant
9 license owned by a slot machine licensee or other person that
10 sells liquor or malt or brewed beverages at the gaming facility
11 or a facility physically connected or adjacent to the gaming
12 facility, including any expansion of the facility.

13 (f) Transfer prohibited.--A casino liquor license may not be
14 transferred to a new location. Nothing in this subsection shall
15 be construed to preclude a transfer of ownership of a casino
16 liquor license to another eligible person for the same licensed
17 premises.

18 § 1311.3. Slot machines at nonprimary or ancillary locations.

19 (a) Authorization.--Notwithstanding any other provision of
20 law, the following licensed gaming entities may apply to the
21 board for a license to establish nonprimary locations or
22 ancillary facilities in which to operate slot machines:

23 (1) a licensed corporation as defined in section 102 of
24 the act of December 17, 1981 (P.L.435, No.135), known as the
25 Race Horse Industry Reform Act, that is a licensed gaming
26 entity and has nonprimary locations approved under section
27 218 of the Race Horse Industry Reform Act; or

28 (2) a slot machine licensee that is licensed as a
29 Category 2 facility under section 1304 (relating to Category
30 2 slot machine license).

1 (b) Number.--

2 (1) Each licensed corporation under subsection (a) (1)
3 may operate up to four nonprimary locations for each licensed
4 racing entity approved under section 218 of the Race Horse
5 Industry Reform Act and licensed by the board under this
6 chapter. Notwithstanding any restrictions on the creation of
7 new or additional nonprimary locations under section 218(g)
8 of the Race Horse Industry Reform Act, each Category 1 slot
9 machine licensee may close, open or transfer nonprimary
10 locations in order to establish up to four nonprimary
11 locations at which slot machines may be placed.

12 (2) Each Category 2 slot machine licensee may operate up
13 to two ancillary facilities at locations licensed by the
14 board under this chapter.

15 (3) Notwithstanding any other law, a licensed
16 corporation that has established nonprimary locations prior
17 to the effective date of this section shall not be prohibited
18 from closing current nonprimary locations or from opening new
19 or relocated locations in order to conduct slot machine
20 wagering in accordance with this section.

21 (4) A licensed corporation that operated and closed a
22 nonprimary location prior to the effective date of this
23 section must operate at least one of the nonprimary locations
24 authorized under paragraph (1) in the same county as the one
25 or more of the original nonprimary locations were located.
26 The provisions of this paragraph shall not apply to a
27 nonprimary location that is within 10 linear air miles of a
28 licensed gaming entity within a city of the first class or
29 within 20 linear air miles of any other licensed gaming
30 entity.

1 (c) Requirements.--Each nonprimary location or ancillary
2 facility may, upon remittance of the fee under this subsection,
3 place and operate no more than 250 slot machines of the
4 nonprimary location or ancillary facility's total complement of
5 slot machines under section 1210 (relating to number of slot
6 machines) in each authorized nonprimary location or ancillary
7 facility if all of the following apply:

8 (1) The nonprimary location or ancillary facility is
9 licensed by the board.

10 (2) Except as provided under this chapter, the
11 nonprimary location or ancillary facility is not within 10
12 linear air miles of a licensed gaming entity located within a
13 city of the first class or within 20 linear air miles of any
14 other licensed gaming entity. A nonprimary location or
15 ancillary facility may be located at a distance that is less
16 than the distances provided under this subparagraph if the
17 licensed corporation that owns the nonprimary location or the
18 licensed gaming entity enters into an agreement with another
19 licensed gaming entity and the agreement is filed with the
20 commission and the board.

21 (3) The licensed corporation that owns the nonprimary
22 location or licensed Category 2 gaming facility has paid a
23 fee to the board of \$5,000,000 for each nonprimary location
24 or ancillary facility where the licensed corporation or
25 ancillary facility will place and operate slot machines.

26 (d) Application.--An application for a license to operate
27 slot machines at nonprimary locations or ancillary facilities
28 must be submitted on a form and in a manner as required by the
29 board. The application must contain the following:

30 (1) The proposed location of the nonprimary location or

1 ancillary facility.

2 (2) The number of and justification for slot machines
3 requested at the location.

4 (3) The names, addresses, picture and other information
5 required by the board relating to all principals, key
6 employees and other personnel who will require a license or
7 permit from the board. Employees who hold a license from the
8 commission shall be granted a nongaming, gaming or key
9 employee license, permit or registration as deemed
10 appropriate by the board.

11 (4) The ability to inspect and approve the physical
12 plant of the nonprimary location or ancillary facility to
13 ensure the physical plant's adequacy to serve patrons.

14 (e) Onsite personnel.--The board or the Pennsylvania State
15 Police shall not have onsite personnel or offices at a
16 nonprimary location or ancillary facility.

17 (f) Taxes.--

18 (1) A nonprimary location or ancillary facility shall
19 pay a tax of 54% of the nonprimary location's or ancillary
20 facility's daily gross terminal revenue from the operation of
21 slot machines. The taxes collected under this subsection
22 shall be distributed as follows:

23 (i) Ninety-two percent of the tax shall be deposited
24 by the department in the General Fund.

25 (ii) Eight percent shall constitute a local share
26 assessment and be distributed by the department on a
27 quarterly basis as follows:

28 (A) Four percent to the county in which the
29 nonprimary location or ancillary facility is located.

30 (B) Four percent to the municipality in which

1 13B16. Internet gaming taxes.

2 13B17. Wagers in this Commonwealth.

3 13B18. Expanded compulsive and problem gambling programs.

4 13B19. Report.

5 13B20. Other law.

6 § 13B01. Scope of chapter.

7 This chapter relates to Internet gaming.

8 § 13B02. Declaration of intent.

9 The General Assembly finds and declares as follows:

10 (1) Since the development of the Internet, millions of
11 people have chosen to gamble online through illegal off-shore
12 operators without regulatory oversight or consumer
13 protections.

14 (2) Federal law permits individual states to authorize
15 intrastate Internet gambling, provided that the wagers are
16 made exclusively within the authorizing state.

17 (3) An effective State Internet gaming statute would:

18 (i) provide public trust in Internet gaming;

19 (ii) ensure that Internet games are fair and safe;

20 and

21 (iii) strictly regulate the conduct of Internet
22 gaming in this Commonwealth.

23 (4) The Commonwealth's effective regulation of Internet
24 gaming will maintain the success of slot machine and table
25 games gaming at its existing licensed facilities and sustain
26 the taxes, jobs, investment and economic development produced
27 by those licensed facilities.

28 § 13B03. Definitions.

29 The following words and phrases when used in this chapter
30 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Account applicant." An individual who applies to open an
3 Internet gaming account.

4 "Account holder." An individual who has established an
5 Internet gaming account.

6 "Applicant." A licensed gaming entity that applies for an
7 Internet gaming permit.

8 "Board." The Pennsylvania Gaming Control Board.

9 "Department." The Department of Revenue of the Commonwealth.

10 "Eligible operator." A licensed gaming entity that is
11 eligible to apply for an Internet gaming permit under section
12 13B06(b) (relating to Internet gaming permits).

13 "Facility." Licensed premises where Internet gaming is
14 conducted under regulations of the board.

15 "Gross Internet gaming revenue." The result of the following
16 calculation:

17 (1) Add:

18 (i) cash or cash equivalent Internet account wagers
19 received as a result of the conduct of Internet games;
20 and

21 (ii) cash received as entry fees for Internet
22 contests or tournaments, including a rake.

23 (2) Subtract from the sum under paragraph (1):

24 (i) the total of cash or cash payment equivalents
25 paid out to players as a result of playing an Internet
26 game; and

27 (ii) the actual cost paid for personal property
28 distributed to a player to promote Internet account
29 wagering on the permit holder's Internet gaming system.

30 "Internet account wager." A wager placed by an account

1 holder with, and accepted by, a permittee.

2 "Internet game." A slot machine, table game or other game
3 which allows an individual to place wagers using a computer
4 monitor or mobile device which has the ability to accept wagers
5 on the Internet. The term includes any game which the board
6 determines, by regulation or order, to be suitable for use for
7 wagering through the Internet. The term does not include
8 telephone account wagering as used in the act of December 17,
9 1981 (P.L.435, No.135), known as the Race Horse Industry Reform
10 Act, or advance deposit account wagering as defined in section
11 1602-B of the act of March 4, 1971 (P.L.6, No.2), known as the
12 Tax Reform Code of 1971.

13 "Internet gaming account." An account established by an
14 individual with a permittee to authorize the account holder to
15 play an Internet game.

16 "Internet gaming permit." A permit issued under section
17 13B08 (relating to issuance of permit) to operate and maintain
18 an Internet gaming system.

19 "Internet gaming permit holder." A licensed gaming entity
20 which:

21 (1) holds a slot machine license and a table games
22 certificate; and

23 (2) has received a permit from the board to conduct
24 wagering using an Internet gaming system.

25 "Permittee." An Internet gaming permit holder.

26 "Vendor." A company that provides computers, Internet
27 components, software or services which provide or support
28 Internet gaming systems.

29 § 13B04. Permitted acts.

30 The following are not violations of 18 Pa.C.S. § 5512

1 (relating to lotteries, etc.) or 5513 (relating to gambling
2 devices, gambling, etc.):

3 (1) Conduct of Internet gaming by a licensed gaming
4 entity.

5 (2) Participation in an Internet game offered by an
6 account holder.

7 § 13B05. Board.

8 (a) Administration.--The board shall regulate the conduct of
9 Internet gaming in this Commonwealth in accordance with this
10 chapter and shall promulgate regulations establishing all of the
11 following:

12 (1) Standards and procedures for the operation and
13 maintenance of Internet gaming by licensed facilities,
14 including wagering, Internet accounts, security and the
15 offering of Internet games by a licensed gaming entity.

16 (2) The method for calculating gross Internet gaming
17 revenue and the daily counting and recording of cash and cash
18 equivalents received and paid out by an Internet game.

19 (3) Standards for Internet providers or software
20 providers including qualifications and security.

21 (4) Standards relating to the advertising and marketing
22 of Internet games, including restrictions on marketing to
23 individuals under 21 years of age.

24 (b) Internet gaming equipment.--

25 (1) Computer hardware, software and related equipment to
26 be utilized by a permittee must be approved by the board.

27 (2) The manufacture of hardware, servers, software and
28 related equipment must be licensed as provided under section
29 1317.1 (relating to manufacturer licenses).

30 (3) The board may adopt testing and certification

1 standards for all hardware, servers, software and related
2 equipment used in Internet gaming, which may include use of
3 the services of a private testing facility or the adoption of
4 testing and certification standards of another jurisdiction
5 as provided under section 1320 (relating to slot machine
6 testing and certification standards).

7 (4) Costs associated with the expansion of the
8 independent testing and certification facility under section
9 1320(b) shall be assessed on manufacturers licensed to
10 manufacture computer hardware, software and related
11 equipment.

12 (5) All computer equipment, including hardware, servers,
13 software and related equipment, shall be located within a
14 restricted area on the premises of a facility in a manner
15 that promotes optimum security. The board may promulgate
16 regulations to allow back-up and storage systems to be
17 securely maintained at a site in this Commonwealth other than
18 the facility to be utilized in the event of an emergency or
19 other event, as defined by the board.

20 (6) A permittee shall make the permittee's premises
21 available for placing wagers at the facility using the
22 Internet.

23 (c) Temporary regulations.--

24 (1) Regulations promulgated by the board to implement
25 oversight of licensed gaming entity Internet games, including
26 the approval of new games, shall be deemed temporary
27 regulations which shall expire not later than two years
28 following the publication of the temporary regulations. The
29 board may promulgate temporary regulations not subject to any
30 of the following:

1 (i) Sections 201, 202, 203, 204 and 205 of the act
2 of July 31, 1968 (P.L.769, No.240), referred to as the
3 Commonwealth Documents Law.

4 (ii) Sections 204(b) and 301(10) of the act of
5 October 15, 1980 (P.L.950, No.164), known as the
6 Commonwealth Attorneys Act.

7 (iii) The act of June 25, 1982 (P.L.633, No.181),
8 known as the Regulatory Review Act.

9 (2) The board's authority to adopt temporary regulations
10 under paragraph (1) shall expire two years after the
11 effective date of this subsection. Regulations adopted after
12 this period shall be promulgated as provided by law.

13 (3) The board shall publish initial temporary
14 regulations to implement this chapter within 120 days of the
15 effective date of this subsection.

16 § 13B06. Internet gaming permits.

17 (a) Requirement.--A licensed gaming entity must obtain an
18 Internet gaming permit in order to conduct Internet gaming.

19 (b) Eligible operators.--To apply for an Internet gaming
20 permit, a licensed gaming entity must hold in good standing:

21 (1) a Category 1 slot machine license under section 1302
22 (relating to Category 1 slot machine license) or a Category 2
23 slot machine license under section 1304 (relating to Category
24 2 slot machine license); and

25 (2) a table game operation certificate under section
26 13A17 (relating to table game operation certificate).

27 (c) Application.--An eligible operator may apply for only
28 one Internet gaming permit. The application must include all of
29 the following:

30 (1) Name and business address of the permit applicant,

1 including an organizational chart which identifies the permit
2 applicant's relationship to the licensed gaming entity.

3 (2) Identification of the fictitious, brand or trade
4 name under which the applicant will conduct Internet gaming.
5 A fictitious, brand or trade name approved by the board must
6 be predominately the same name that is utilized by the
7 licensed gaming entity.

8 (3) Name, business address and job title of employees
9 who will be involved in the implementation and operation of
10 the Internet gaming system.

11 (4) Identification and detailed description of the
12 qualifications of each vendor, contractor and supplier that
13 will be involved in the operation and maintenance of Internet
14 gaming, including information describing the specific
15 operational responsibilities of a vendor, contractor or
16 supplier.

17 (5) A detailed description of the technical protocols,
18 parameters and other details relating to the Internet gaming
19 system proposed to be utilized.

20 (6) Identification and description of each Internet game
21 the permit applicant proposes to make available.

22 (7) A site plan identifying the secure area where all
23 Internet gaming operations will be located within the
24 facility and where emergency backup systems will be located.

25 (8) Identity and nature of professional services
26 provided by any person in connection with the authorization
27 or conduct of an Internet game conducted by a licensed gaming
28 entity.

29 (d) Review of application.--

30 (1) The board shall review the suitability of all of the

1 following:

2 (i) The permit applicant.

3 (ii) The employees of the permit applicant who will
4 be involved in the operation and maintenance of Internet
5 gaming. The board may utilize a board suitability review
6 previously conducted by the board under this chapter.

7 (iii) Each software or system vendor or contractor
8 to be utilized by the permit applicant to operate and
9 maintain an Internet gaming system.

10 (iv) Each vendor utilized by the permit applicant to
11 provide equipment or services relating to the operation
12 and maintenance of an Internet game.

13 (v) Each employee of a vendor or contractor under
14 subparagraph (iii) or (iv) who will participate in the
15 operation and maintenance of the permit applicant's
16 Internet gaming system.

17 (2) The board's review of suitability shall include:

18 (i) the application of all requirements and
19 standards provided under sections 1309 (relating to slot
20 machine license application), 1310 (relating to slot
21 machine license application character requirements),
22 1311.1 (relating to licensing of principals), 1311.2
23 (relating to licensing of key employees), 1312 (relating
24 to divestiture of disqualifying applicant) and 1313
25 (relating to slot machine license application financial
26 fitness requirements) to system vendors; and

27 (ii) a determination of whether the person possesses
28 the requisite experience and skill to perform the
29 functions to be performed by the person.

30 (e) Issuance of order.--

1 (1) Within 120 days of the filing of an application
2 under subsection (c), the board shall issue an order
3 approving or denying the application. The board may impose
4 reasonable conditions consistent with this chapter upon an
5 approval.

6 (2) Failure to meet the time limit under paragraph (1)
7 shall be deemed an approval of the application.

8 § 13B07. Permitting fee.

9 If the board approves an application under section 13B06(e)
10 (relating to Internet gaming permits), the applicant must meet
11 the following conditions within 60 days of the approval:

12 (1) Pay a permit fee of \$10,000,000.

13 (2) Reimburse the board for the cost of the review and
14 approval of the application.

15 § 13B08. Issuance of permit.

16 (a) Initial.--Upon payment of the fee and costs under
17 section 13B07 (relating to permitting fee), the board shall
18 issue a permit to conduct Internet gaming at a licensed gaming
19 entity consistent with this chapter.

20 (b) Renewal.--An Internet gaming permit is valid for five
21 years and must be renewed by:

22 (1) compliance with sections 13B06 (relating to Internet
23 gaming permits) and 13B07; and

24 (2) payment of a renewal fee of \$1,000,000.

25 § 13B09. Eligibility and unauthorized Internet gaming.

26 A permittee must continue to be an eligible operator under
27 section 13B06(b)(1) (relating to Internet gaming permits) in
28 order to conduct Internet gaming. If the slot machine license or
29 table games certificate of a permittee is suspended, revoked or
30 otherwise not in good standing, the permittee shall cease

1 operation of Internet gaming activities.

2 § 13B10. Internet controls.

3 (a) Requirements.--Prior to being issued a permit under this
4 chapter, the permittee shall submit a description of the
5 following procedures and standards:

6 (1) Accounting controls, including standard forms and
7 terms to be used in the implementation of Internet gaming.

8 (2) Job descriptions and responsibilities for all
9 employees of the licensed gaming entity, including an
10 Internet gaming manager and an information technology
11 security officer, engaged in the maintenance and operation of
12 Internet gaming. Each position of employment created or
13 utilized to operate and maintain Internet gaming must be
14 located in this Commonwealth.

15 (3) Procedures relating to the following:

16 (i) The establishment of an Internet gaming account,
17 including authentication of the age and residence of the
18 account applicant.

19 (ii) Termination of an Internet gaming account by
20 the account holder and the return of remaining money in
21 the account to the account holder.

22 (iii) Termination of an inactive Internet gaming
23 account under section 13B14 (relating to Internet gaming
24 account management).

25 (iv) Login and authentication by an Internet account
26 holder prior to participation in Internet gaming.

27 (v) Logging off when the account holder has finished
28 gaming, including an automatic logoff after a specified
29 period of inactivity.

30 (vi) Verification of the physical location of each

1 Internet gaming account holder at the time the account
2 holder logs in or submits an Internet account wager
3 associated with an Internet game to ensure that all
4 wagers are made within this Commonwealth.

5 (vii) Crediting and debiting of an Internet gaming
6 account.

7 (viii) Redemption of chips, tokens or other cash
8 equivalents used in Internet gaming.

9 (ix) Payment of prizes.

10 (x) Recording of transactions pertaining to an
11 Internet gaming account.

12 (xi) Securing information and money in an Internet
13 gaming account.

14 (xii) Counting, including the transfer of money from
15 an Internet gaming account, security for counting and
16 recording of revenue.

17 (xiii) The segregation of Internet gaming money from
18 other money of the permittee.

19 (xiv) The security of an Internet gaming system
20 within the facility and the ability of the system to
21 detect and report behavior such as cheating, theft,
22 collusion, money laundering or other illegal activity.

23 (xv) Security of software, computers and other
24 equipment used to conduct Internet gaming to protect
25 against tampering by an individual inside or outside of
26 the facility.

27 (xvi) Auditing the functions and performance of
28 software, hardware and other gaming equipment used to
29 conduct Internet gaming to ensure performance is
30 consistent with certified parameters for testing gaming

1 equipment under section 1320 (relating to slot machine
2 testing and certification standards).

3 (xvii) Appropriate responses to tampering with
4 software, computers or other equipment used to conduct
5 Internet gaming, including partial or complete suspension
6 of gaming and accounts.

7 (xviii) A methodology approved by the board to
8 ensure secure communication between a client's terminal
9 and the Internet gaming system.

10 (4) Other procedures and formulas deemed necessary by
11 the board.

12 (b) Approval.--Within 90 days of submission, the board shall
13 approve the standards and procedures under subsection (a) or
14 return the standards and procedures for modification. Failure of
15 the board to act within the time period specified under this
16 subsection shall be deemed an approval.

17 (c) Records.--A permittee shall maintain records pertaining
18 to its Internet gaming system in a manner and location within
19 this Commonwealth approved by the board.

20 § 13B11. Location, license, computer and software.

21 (a) Servers.--Servers shall be maintained only within the
22 physical location of a permittee's facility. The specific
23 location must be inaccessible to the public and specifically
24 designed as a secure facility. The board may promulgate
25 regulations to maintain back-up servers and storage equipment at
26 a site in this Commonwealth, other than the facility, to be
27 utilized in the event of an emergency or other event.

28 (b) Board.--The board shall adopt and enforce procedures and
29 security standards, including the following:

30 (1) The handling and storage of software, computers and

1 other electronic equipment used to conduct Internet wagering.

2 (2) Procedures for responding to tampering with
3 software, computers and other gaming equipment used to
4 conduct Internet gaming.

5 (3) Procedures for the partial or complete suspension of
6 Internet wagering when warranted.

7 (4) The use of closed circuit visual monitoring
8 according to board specification.

9 (5) Measures to ensure that individuals under 21 years
10 of age do not have access to Internet gaming.

11 (c) Permittee responsibilities.--A permittee must submit a
12 description of the permittee's system of internal procedures and
13 administrative and accounting controls for nongaming operations
14 regarding the Internet website on which wagering is accessed. A
15 description of any change to the permittee's system of internal
16 procedures and administrative and accounting controls must be
17 submitted to the board not later than five days after the change
18 is made.

19 § 13B12. Platform or software provider.

20 (a) License.--The provider of an Internet gaming platform or
21 software shall be licensed by the board.

22 (b) Standards.--The board shall apply the standards provided
23 under section 1317.1(a), (b) and (c) (relating to manufacturer
24 licenses) to a person seeking a license under subsection (a).

25 § 13B13. Internet gaming accounts.

26 (a) Eligibility.--

27 (1) An individual who is at least 21 years of age and
28 has established an Internet gaming account with a permittee
29 may place a wager associated with, or play an Internet game
30 offered or operated by, a permittee.

1 (2) An Internet gaming account shall be in the name of
2 an individual. Except as provided under paragraph (4), an
3 individual must apply to establish an Internet gaming account
4 at the premises of a permittee's facility and must hold an
5 active players club membership.

6 (3) An Internet gaming account may not be in the name of
7 any beneficiary, custodian, joint trust, corporation,
8 partnership or other entity.

9 (4) The board shall promulgate regulations for an
10 individual who resides at least 20 linear miles from a
11 facility to allow the individual to become an account holder
12 using the Internet website of a licensed gaming entity.

13 (b) Application.--

14 (1) To establish an Internet gaming account, an
15 individual must submit an application on a form approved by
16 the board. The application must include all of the following:

17 (i) The account applicant's name.

18 (ii) The account applicant's age, including a form
19 of proof approved by the board.

20 (iii) The account applicant's principal residence,
21 including a form of proof approved by the board.

22 (iv) The account applicant's e-mail address.

23 (v) Authentication information approved by the
24 board.

25 (vi) A statement that a false statement made in
26 regard to an application may subject the account
27 applicant to prosecution.

28 (vii) The correct response to two or more challenge
29 questions.

30 (2) An account applicant who provides false or

1 misleading information is subject to rejection of the
2 application or cancellation of the Internet gaming account by
3 the permittee.

4 (c) Authentication.--A permittee shall do one of the
5 following:

6 (1) Provide an account applicant with a password to
7 access the Internet gaming account.

8 (2) Establish a mechanism to authenticate the account
9 applicant as the account holder and allow the account holder
10 access to the Internet gaming account.

11 (d) Notice.--A permittee shall provide notice to account
12 applicants that all wagers must be made within this
13 Commonwealth.

14 (e) Acceptance or rejection.--

15 (1) A permittee may accept or reject an application
16 after receipt and review of the application and verification
17 of the age and residence of the account applicant.

18 (2) In reviewing an application, a permittee shall not
19 open an Internet gaming account with an applicant who is
20 excluded under section 1515 (relating to repeat offenders
21 excludable from licensed gaming facility) or 1516 (relating
22 to list of persons self excluded from gaming activities).

23 (f) Suspension or closure.--A permittee has the right to
24 suspend or close an Internet gaming account at its discretion.

25 (g) Official address.--The residence under subsection
26 (b) (1) (iii) shall be deemed the account holder's official
27 address for the purposes of mailing checks, account withdrawals,
28 notices and other materials.

29 (h) Nonassignable.--An Internet gaming account shall not be
30 assignable or transferable.

1 § 13B14. Internet gaming account management.

2 (a) Credits.--

3 (1) An account holder's deposits in the account holder's
4 Internet gaming account shall be submitted by the account
5 holder to the permittee and shall be in the form of one of
6 the following:

7 (i) Cash.

8 (ii) Check, money order, negotiable order of
9 withdrawal or wire or electronic transfer, payable and
10 remitted to the permittee.

11 (iii) Charge to the account holder's debit or credit
12 card upon the account holder's direct and personal
13 instruction given by telephone or other electronic means
14 to the permittee by the account holder if:

15 (A) the use of the card has been approved by the
16 permittee; and

17 (B) the permittee has verified the account
18 holder's physical presence in this Commonwealth.

19 (iv) Any other method approved by the board.

20 (2) When an account holder wins an Internet account
21 wager with a permittee, the following apply:

22 (i) When the Internet account wager is won, the
23 permittee shall pay to the account holder Internet chips,
24 tokens or other cash equivalents, in the appropriate
25 amount pursuant to the rules of that game for the
26 particular type of Internet account wager.

27 (ii) When the account holder logs off or cashes out
28 the Internet chips, tokens or other cash equivalents, the
29 permittee shall credit the account holder's Internet
30 gaming account in the amount of the Internet chips,

1 tokens or other cash equivalents cashed in.

2 (3) A permittee may credit an Internet gaming account as
3 part of a promotional program.

4 (4) A permittee may refuse, for a valid reason, all or
5 part of an Internet account wager or deposit to an Internet
6 gaming account.

7 (5) Money deposited in an Internet gaming account shall
8 not bear interest to the account holder.

9 (b) Debits.--The following apply to debits:

10 (1) When an account holder accesses the account holder's
11 Internet gaming account and exchanges account money for
12 Internet chips, tokens or other cash equivalents, the
13 permittee shall debit the account holder's Internet gaming
14 account in the amount of money exchanged.

15 (2) Upon receipt by a permittee of an Internet gaming
16 account wager or an account purchase order, the permittee
17 shall debit the account holder's Internet chips, tokens or
18 other cash equivalents in the amount of the Internet gaming
19 account wager or account purchase order.

20 (3) A permittee may authorize a withdrawal from an
21 Internet gaming account if the account holder submits to the
22 permit holder:

23 (i) proper identification;

24 (ii) the correct authentication information for
25 access to the Internet gaming account; and

26 (iii) a properly completed and executed withdrawal
27 on a form approved by the board.

28 (c) Withdrawal.--An account holder may make a withdrawal
29 from the account holder's Internet gaming account if there is
30 sufficient money in the Internet gaming account to cover the

1 withdrawal in accordance with the following:

2 (1) The account holder must submit a properly completed
3 and executed withdrawal form.

4 (2) Within three business days of receipt of the form
5 under paragraph (1), the permittee shall pay the appropriate
6 amount by:

7 (i) sending the account holder a check payable at
8 the official address under section 13B13(g) (relating to
9 Internet gaming accounts); or

10 (ii) transmitting payment to the account holder
11 electronically as approved by the board.

12 (d) Internet account wagers.--

13 (1) The account holder shall place the Internet account
14 wager directly with the permittee.

15 (2) The account holder shall provide the permittee with
16 the correct authentication information for access to the
17 Internet gaming account.

18 (3) The permittee may not accept an Internet account
19 wager in an amount in excess of money on deposit in the
20 account, including amounts credited to the account.

21 (e) Login.--

22 (1) Each permittee shall establish a login procedure for
23 each account holder to access the account holder's Internet
24 gaming account.

25 (2) A permittee may not allow an account holder to
26 participate in an Internet game unless all of the following
27 apply:

28 (i) The account holder logs in.

29 (ii) The account holder provides proper
30 authentication information to access the account holder's

1 Internet gaming account.

2 (iii) The permittee verifies that the account holder
3 is, at the time of participation, physically present in
4 this Commonwealth.

5 (f) Reconciliation.--The following apply to Internet gaming
6 accounts:

7 (1) Upon logging in, the account holder may exchange the
8 amount of money in the Internet gaming account for Internet
9 chips, tokens or other cash equivalents to be used for
10 Internet gaming.

11 (2) Upon logging off, the current amount of the account
12 holder's Internet chips, tokens or other cash equivalents
13 shall be credited to the Internet gaming account.

14 (g) Display.--A permittee shall provide to each account
15 holder who is logged in access to a display of all of the
16 following information:

17 (1) The current amount of money in the account holder's
18 Internet gaming account, including the current amount of the
19 account holder's Internet chips, tokens or other cash
20 equivalents.

21 (2) The complete text of the rules regarding Internet
22 games and the conduct of Internet gaming.

23 (3) Any fee charged by the permittee to the account
24 holder in connection with the play of an Internet game.

25 (h) Termination of inactive accounts.--

26 (1) A permittee may terminate an Internet gaming account
27 which is inactive for a period of not less than one year and
28 under conditions as provided by the board.

29 (2) Before terminating an Internet gaming account, a
30 permittee must attempt to contact the account holder by mail

1 and electronically.

2 (3) Money remaining in an Internet gaming account
3 terminated under this subsection shall be transmitted to the
4 Department of Revenue for deposit in the General Fund.

5 § 13B15. Prohibited acts.

6 (a) Unauthorized gaming.--

7 (1) A person that does not possess a valid Internet
8 gaming permit may not do any of the following:

9 (i) Offer an Internet game for play in this
10 Commonwealth.

11 (ii) Accept a wager associated with an Internet game
12 from any person.

13 (2) A person who knowingly offers or allows to be
14 offered an Internet wagering game that has been tampered with
15 in a way that affects the odds or the payout of a game or
16 disables the game from operating in accordance with
17 regulations of the board commits a misdemeanor of the first
18 degree.

19 (3) A person who knowingly tampers with any Internet
20 game or equipment or disables a game from operating commits a
21 misdemeanor of the first degree.

22 (4) A person is prohibited from placing a wager on an
23 Internet game except as provided in this chapter.

24 (5) Except as provided in paragraphs (2) and (3), a
25 person that violates this subsection commits a misdemeanor of
26 the third degree. A violation of this subsection may be
27 enforced under section 1517(c), (c.1) and (d) (relating to
28 investigations and enforcement).

29 (b) Office of Enforcement Counsel.--The Office of
30 Enforcement Counsel under section 1517(a.2) may bring an action

1 to enforce subsection (a). Upon the finding of a violation of
2 subsection (a)(1), the board may impose an administrative
3 penalty of not less than \$50,000 for each violation. Each day on
4 which an unauthorized Internet game is offered by a person and
5 each unauthorized wager accepted by a person shall constitute a
6 separate violation. In addition to the administrative penalty
7 provided under this subsection, the board may order the
8 disgorgement of all funds received by a person that has engaged
9 in unauthorized Internet gaming as provided under subsection (a)
10 (1).

11 § 13B16. Internet gaming taxes.

12 (a) Imposition.--

13 (1) Each permittee shall report on a weekly basis to the
14 department its daily gross facility Internet gaming revenue
15 for the previous week on a form prescribed by the department.

16 (2) Each permittee shall pay to the department a tax on
17 daily gross facility gaming revenue of 54% of its gross
18 Internet gaming revenue.

19 (b) Payment.--A permittee shall pay the tax imposed under
20 subsection (a) to the department on a weekly basis. The
21 department shall establish procedures that enable a permittee to
22 withhold, at the time of payment, the amounts excluded from the
23 calculation of gross Internet gaming revenue.

24 (c) Trust.--

25 (1) Money owed to the department under this section
26 shall be held in trust for the Commonwealth by the permittee
27 until payment to the department.

28 (2) A permittee shall deposit money under paragraph (1)
29 into a separate bank account until it is remitted to the
30 department.

1 (d) Disposition.--Money collected under this section shall
2 be deposited into the General Fund.

3 § 13B17. Wagers in this Commonwealth.

4 A wager placed on an Internet game operated by a permittee
5 shall be deemed to take place at the physical location of the
6 account holder.

7 § 13B18. Expanded compulsive and problem gambling programs.

8 (a) Development.--

9 (1) The board and the Department of Health shall
10 cooperate to develop expanded programs under section 1509
11 (relating to compulsive and problem gambling program) to
12 address compulsive and problem gambling issues related to
13 Internet gaming.

14 (2) A permittee shall address compulsive and problem
15 gambling issues related to Internet gaming in amending its
16 required plan under section 1509(a.2)(1) on file with the
17 board.

18 (b) Message.--Each permittee shall permanently and
19 continuously display the following message to individuals at the
20 time of logging on to an Internet gaming account:

21 If you or someone you know has a gambling problem and
22 wants help, call 1-800-GAMBLER.

23 § 13B19. Report.

24 The board shall submit an annual report to the General
25 Assembly on the impact of Internet gaming on the casino industry
26 in this Commonwealth.

27 § 13B20. Other law.

28 (a) State.--The following provisions are deemed applicable
29 to Internet games under this chapter:

30 (1) The obligation to include information on Internet

1 gaming in the board's annual report under section 1211(a.1)
2 (relating to reports of board).

3 (2) Requirements under section 1317.1 (relating to
4 manufacturer licenses).

5 (3) Requirements under section 1317.2 (relating to
6 gaming service provider).

7 (b) Applicability of Federal law.--Internet gaming in this
8 Commonwealth is subject to applicable Federal law.

9 Section 5. This act shall take effect in 60 days.