AN ACT

Amending Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, in general provisions, further providing for definitions; in administration, further providing for records and confidentiality of information; in application and licensure, further providing for establishment licenses, for license or permit prohibition, for issuance and renewal and for conditional licenses; in operation, further providing for video gaming limitations, providing for hours of operation and further providing for terminal placement agreements; in enforcement, further providing for investigations and enforcement; and, in revenues, further providing for taxes and assessments, for distribution of local share, for regulatory assessments and for transfers from Video Gaming Fund and establishing the Fire and Emergency Services Grant Fund, the Veterans' Service Officer Grant Fund and the Veterans' Assistance Fund.

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

Section 1. The definitions of "establishment license," "establishment licensee," "inducement" and "licensee" in section 3102 of Title 4 of the Pennsylvania Consolidated Statutes, added October 30, 2017 (P.L.419, No.42), are amended and the section is amended by adding definitions to read:

§ 3102. Definitions.
The following words and phrases when used in this part shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Club establishment." A person that operates under a valid club liquor license.

"Club liquor license." Any of the following licenses issued by the Pennsylvania Liquor Control Board under Article IV of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code:

1. Catering club.
2. Club liquor.
3. Club retail dispenser.

"Establishment." A club establishment or truck stop establishment.

"Establishment license." A license issued by the board authorizing a truck stop establishment to permit a terminal operator licensee to place and operate video gaming terminals on the establishment's premises under this part and the rules and regulations promulgated under this part.

"Establishment licensee." A truck stop establishment that holds an establishment license.

"Inducement."

1. Any of the following:
   (i) Consideration paid directly or indirectly, from a manufacturer, supplier, terminal operator, procurement agent, gaming employee, employee or another person on behalf of an applicant or anyone licensed under this part, to a truck stop establishment.
licensee, establishment licensee owner or an employee of the establishment licensee, directly or indirectly as an enticement to solicit or maintain the establishment licensee or establishment licensee owner's business.

(ii) Cash, incentive, marketing and advertising cost, gift, food, beverage, loan, prepayment of gross terminal revenue and other contribution or payment that offsets an establishment licensee's operational costs, or as otherwise determined by the board.

(2) The term shall not include costs paid by a terminal operator applicant or terminal operator licensee related to [making video gaming terminals operate at the premises of an establishment licensee, including wiring and rewiring, software updates, ongoing video gaming terminal maintenance, redemption terminals, network connections, site controllers and costs associated with communicating with the central control computer system].

(i) Structural changes necessary to segregate the video gaming area or maintain the security of video gaming terminals and redemption terminals as required by the board that do not exceed $2,500, provided, however, that any changes in excess of $2,500 may be shared equally between the terminal applicant or terminal operator licensee and the establishment applicant or establishment licensee.

(ii) Surveillance technology to monitor only the video gaming area.

(iii) Operation of video gaming terminals at a licensed establishment, including wiring and rewiring, software updates, ongoing video gaming terminal
maintenance, redemption terminals, network connections, site controllers and costs associated with communicating with the central control computer system.

(iv) Installation of security and alarm system at the premises of an establishment licensee that are reasonably necessary to protect video gaming terminals and redemption terminals outside normal business hours, provided that the cost does not exceed $1,000.

(v) A requirement established by the board regarding a minimum standard for a video gaming area.

(vi) A cosmetic renovation or improvement within a video gaming area that is reasonably necessary, as determined by the board.

(vii) A fee established by the board to cover costs associated with the mandatory employee training program established under section 3706 (relating to compulsive and problem gambling).

* * *

"Licensee." A person [listed] licensed under this part.

* * *

Section 2. Section 3305(d) of Title 4, added October 30, 2017 (P.L.419, No.42), is amended to read:

§ 3305. Records and confidentiality of information.

* * *

(d) Information held by other agencies.--Files, records, reports and other information in the possession of the department or the Pennsylvania Liquor Control Board pertaining to an applicant, licensee or permittee shall be made available to the board as may be necessary to the effective administration of this part.
Section 3. Section 3514(a) introductory paragraph and (f) of Title 4, added October 30, 2017 (P.L.419, No.42), are amended and subsection (a) is amended by adding a paragraph to read:

§ 3514. Establishment licenses.

(a) General requirements.--[A truck stop] An establishment that submits an application for an establishment license shall include at a minimum:

* * *

(4.1) If the applicant is a club establishment:

   (i) documentation showing the liquor license of the club establishment is valid and in good standing with the Pennsylvania Liquor Control Board; and

   (ii) disclosure of conditional license agreements entered into under the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

* * *

(f) Requirement.--In order to be eligible for an establishment license, [a truck stop] an establishment must be licensed as a lottery sales agent under section 305 of the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, and licensed to take any actions authorized by the designation.

Section 4. Section 3515(2) of Title 4 is amended by adding subparagraphs to read:

§ 3515. License or permit prohibition.

The following apply:

* * *

(2) In addition to the prohibition under paragraph (1), the board shall be prohibited from granting the following:

* * *
(iv) An establishment license to an applicant that is a club establishment whose club liquor license is not in good standing with the Pennsylvania Liquor Control Board.

(v) An establishment license to an applicant that is a club establishment which has been declared a nuisance under section 611 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, or has been declared a nuisance within the past three years.

(vi) An establishment license to an applicant that is a club establishment with a conditional license agreement entered into under the Liquor Code unless the agreement has been amended to allow for video gaming.

(vii) An establishment license to an applicant that is a club establishment whose club liquor license has been suspended, unless three years have elapsed from the date of suspension.

* * *

Section 5. Section 3516(a)(1) of Title 4, added October 30, 2017 (P.L.419, No.42), is amended to read:

§ 3516. Issuance and renewal.

(a) Issuance.--

(1) In addition to any other criteria provided under this part, any terminal operator, [truck stop] establishment, supplier, manufacturer, gaming employee, key employee, principal or other person that the board approves as qualified to receive a license, permit or other authorization under this part shall be issued a license or permit upon the payment of a fee required in section 4101 (relating to fees) and upon the fulfillment of conditions required by the board
or provided for in this part.

* * *

Section 6. Section 3520(a)(2) of Title 4 is amended by adding subparagraphs to read:

§ 3520. Conditional licenses.

(a) Conditional establishment licenses.--

* * *

(2) The board shall issue a conditional license to an applicant for an establishment license if the applicant satisfies, as determined by the board, all of the following criteria:

* * *

(v) For a club establishment applicant, the applicant held a valid club liquor license on the date of application and the license is in good standing.

(vi) For a club establishment applicant, the club liquor licensee has been declared a nuisance under section 611 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, within the past three years.

(vii) For a club establishment applicant, the applicant has a conditional license agreement entered into under the Liquor Code unless the agreement has been amended to allow for video gaming.

(viii) For a club establishment applicant, the applicant's club liquor license has been suspended, unless three years have elapsed from the date of suspension.

* * *

Section 7. Section 3702(b)(6) and (7) of Title 4, added October 30, 2017 (P.L.419, No.42), are amended to read:
§ 3702. Video gaming limitations.

   * * *

(b) Terminal operator licensee limitations.--A terminal operator licensee may place and operate video gaming terminals on the premises of an establishment licensee, subject to the following:

   * * *

   (6) No terminal operator licensee may give or offer to give, directly or indirectly, any type of inducement to [a truck stop] an establishment to secure or maintain a terminal placement agreement.

   (7) No terminal operator licensee may give an establishment licensee a percentage of gross terminal revenue other than [15%] 30% of the gross terminal revenue of the video gaming terminals operating in the establishment licensee's premises.

   * * *

Section 8. Title 4 is amended by adding a section to read:

§ 3703.1. Hours of operation.

   (a) Club establishments.--An establishment licensee that is also a club establishment may only permit the play of a video gaming terminal during the hours that the club establishment is authorized by the Pennsylvania Liquor Control Board to sell alcoholic beverages.

   (b) Truck stop establishments.--An establishment licensee that is also a truck stop establishment may permit play of a video gaming terminal during normal business hours.

Section 9. Section 3704(d) of Title 4, added October 30, 2017 (P.L.419, No.42), is amended and the section is amended by adding a subsection to read:

20180HB2478PN3659 - 8 -
§ 3704. Terminal placement agreements.

* * *

(d) Provisions required.--A terminal placement agreement shall include a provision that:

1. Renders the agreement invalid if either the terminal operator license or terminal operator application or the establishment license or establishment licensee application is denied, revoked, not renewed, withdrawn or surrendered.

2. Provides the establishment licensee no more or less than 30% of gross terminal revenue from each video gaming terminal located on the premises of the establishment licensee.

3. Identifies who solicited the terminal placement agreement on behalf of a terminal operator licensee or applicant.

* * *

(f.1) Additional void agreements.--An agreement entered into by a club establishment prior to the effective date of this section with a person for the placement, operation, service or maintenance of a video gaming terminal, including an agreement granting a person the right to enter into an agreement or match an offer made after the effective date of this section shall be void and may not be approved by the board.

* * *

Section 10. Section 3904(d) of Title 4 is amended by adding a paragraph and the section is amended by adding a subsection to read:

§ 3904. Investigations and enforcement.

* * *

(d) Powers and duties of the Pennsylvania State Police.--The
Pennsylvania State Police shall have the following powers and duties:

* * *

(14) Require the Bureau of Liquor Control Enforcement to report to the bureau violations of this part that are found during the normal course of duties required under the laws of this Commonwealth.

* * *

(j) Pennsylvania Liquor Control Board.--Nothing in this part shall be construed as conferring on the Pennsylvania Liquor Control Board the authority to assess penalties under the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, against a club establishment that holds an establishment license for violations of this part that are not a criminal offense.

Section 11. Sections 4102(b), 4103, 4104(b) and (d) and 4105 of Title 4, added October 30, 2017 (P.L.419, No.42), are amended to read:

§ 4102. Taxes and assessments.

* * *

(b) Video gaming terminal tax and assessments.--

(1) The department shall determine and each terminal operator licensee shall pay on a bimonthly basis:

(i) A tax of [42%] 34% of its gross terminal revenue from all video gaming terminals operated by the terminal operator licensee within this Commonwealth.

(ii) A [10%] 4% local share assessment from its gross terminal revenue.

(iii) A regulatory assessment established in section 4104 (relating to regulatory assessments) from the terminal operator licensee's weekly gross terminal
(2) All money owed under this section shall be held in trust by the terminal operator licensee until the money is paid or transferred to the Video Gaming Fund.

(3) Unless otherwise agreed to by the board, a terminal operator licensee shall establish a separate bank account to maintain gross terminal revenue until such time as the money is paid or transferred under this section.

§ 4103. Distribution of local share.

[(a) Distribution.--

(1) (Reserved).

(2) The department shall on a quarterly basis deposit the local share assessment imposed under section 4102(b)(1) (ii) (relating to taxes and assessments) into a restricted receipts account to be established in the Commonwealth Financing Authority to be used exclusively for grants for projects in the public interest within the Commonwealth.]

(a.1) Distribution.--

(1) Subject to the limitation under subsection (c), the department shall distribute, in a manner and according to a schedule adopted by the department, to each municipality 2% of the gross terminal revenue of each video gaming terminal operating within the municipality.

(2) The department shall deposit 2% of the gross terminal revenue of each video gaming terminal operating within the county into a restricted receipts account on a quarterly basis.

(3) A restricted account shall be established in the Commonwealth Financing Authority to be used exclusively for...
grants for projects in the public interest in the host county.

(b) Duty of terminal operator.--A terminal operator licensee shall continuously provide the department with records, documents or other information necessary to effectuate the requirements of subsection [(a)] (a.1).

(c) Limitation.--The department may not distribute a local share amount to a municipality in excess of 50% of the total budget of the municipality for fiscal year 2018. The local share amount shall be adjusted for inflation in subsequent fiscal years by an amount not to exceed an annual cost-of-living adjustment calculated by applying an upward percentage change in the consumer price index immediately prior to the date the adjustment is due to take effect.

(d) Transfers.--Local share amounts not distributed by the department to a municipality under subsection (c) shall be distributed to the host county in accordance with subsection (a.1)(2).

(e) Reporting.--

(1) In cooperation with the department and the Commonwealth Financing Authority, the Department of Community and Economic Development shall submit an annual report by August 31, 2019, and by August 31 of each year thereafter, on all distributions of local share assessments to municipalities and counties under this section to the chairperson and minority chairperson of:

(i) The Appropriations Committee of the Senate.

(ii) The Appropriations Committee of the House of Representatives.

(iii) The Community, Economic and Recreational
Development Committee of the Senate.

(iv) The Gaming Oversight Committee of the House of Representatives.

(2) A municipality or county that receives a distribution of local share assessments under this section shall submit information to the Department of Community and Economic Development on a form prepared by the Department of Community and Economic Development that states the amount and use of the money received under this section in the prior fiscal year. The form shall specify whether the money received was deposited in the general fund of the municipality or county or committed to a specific project or use.

(f) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Consumer price index." The Consumer Price Index for All Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area for the most recent 12-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics.

"Municipality." The term shall not include county.

§ 4104. Regulatory assessments.

* * *

(b) Bi-monthly deposits.--

(1) The department shall determine the appropriate assessment amount for each terminal operator licensee, which shall be a percentage assessed on the terminal operator licensee's bi-monthly gross terminal revenue, provided that the percentage assessed shall not exceed 2%.
(2) The percentage assessed shall not exceed an amount equal to the costs or expenses incurred by the board, the department, the Pennsylvania State Police or the Office of Attorney General in carrying out their powers and duties under this part based upon a budget submitted by the department under subsection (c).

* * *

(d) Appropriation.--

(1) Costs and expenses may be paid from the accounts established under subsection (a) only upon appropriation by the General Assembly.

(2) If the total costs or expenses incurred by the board, the department, the Pennsylvania State Police or the Office of Attorney General exceed the amounts available in the accounts established under subsection (a), the General Assembly shall appropriate additional amounts to the board, the department, the Pennsylvania State Police or the Office of Attorney General from the Video Gaming Fund.

§ 4105. Transfers from Video Gaming Fund.

(a) Transfer for compulsive and problem gambling treatment.--On June 30, [2018] 2019, and on the last day of each fiscal year thereafter, the State Treasurer shall transfer from the Video Gaming Fund an amount equal to 0.002 multiplied by the total gross terminal revenue of all terminal operator licensees to the Compulsive and Problem Gambling Treatment Fund established in section 1509 (relating to compulsive and problem gambling program).

(a.1) Transfer to Fire and Emergency Services Grant Fund.--On June 30, 2019, and on the last day of each fiscal year thereafter, the State Treasurer shall transfer from the Video
Gaming Fund an amount equal to $30,000,000 to the Fire and Emergency Services Grant Fund an established in section 4106 (relating to Fire and Emergency Services Grant Fund).

(a.2) Transfer to Veterans' Service Officer Grant Fund.--On June 30, 2019, and on the last day of each fiscal year thereafter, the State Treasurer shall transfer from the Video Gaming Fund an amount equal to $3,000,000 to the Veterans' Service Officer Grant Fund established in section 4107 (relating to Veterans' Service Officer Grant Fund).

(a.3) Transfer to the Veterans' Assistance Fund.--On June 30, 2019, and on the last day of each fiscal year thereafter, the State Treasurer shall transfer from the Video Gaming Fund an amount equal to $1,000,000 to the Veterans' Assistance Fund established in section 4108 (relating to Veterans' Assistance Fund).

(b) General Fund transfer.--On June 30, [2018] 2019, and on the last day of each fiscal year thereafter, the State Treasurer shall transfer the remaining balance in the Video Gaming Fund that is not transferred under subsections (a), (a.1), (a.2), and (a.3) to the General Fund.

Section 12. Title 4 is amended by adding sections to read:

§ 4106. Fire and Emergency Services Grant Fund.

(a) Establishment.--The Fire and Emergency Services Grant Fund is established in the State Treasury. The fund shall receive money from the Video Gaming Fund in accordance with section 4105 (relating to transfers from Video Gaming Fund).

(b) Use of money.--Money in the fund shall be used for programs that provide grants to volunteer fire companies, municipal fire companies, volunteer emergency medical service companies and career emergency medical service companies as
specified through a separate act of the General Assembly.

§ 4107. Veterans' Service Officer Grant Fund.

(a) Establishment.--The Veterans' Service Officer Grant Fund is established in the State Treasury. The fund shall receive money from the Video Gaming Fund in accordance with section 4105 (relating to transfers from Video Gaming Fund).

(b) Use of money.--Money in the fund shall be used for programs that provide grants to veterans' service organizations that support veterans' service officer programs as specified through a separate act of the General Assembly.

§ 4108. Veterans' Assistance Fund.

(a) Establishment.--The Veterans' Assistance Fund is established in the State Treasury. The fund shall receive money from the Video Gaming Fund in accordance with section 4105 (relating to transfers from Video Gaming Fund).

(b) Use of money.--Money in the fund shall be used for programs that support veterans and their families or assist with the operation, maintenance and repair of monuments honoring veterans and service members as specified through a separate act of the General Assembly.

Section 13. This act shall take effect as follows:

(1) The following provisions shall take effect immediately:

   (i) This section.

   (ii) The amendment or addition of 4 Pa.C.S. §§ 3704(f.1), 4105, 4106, 4107 and 4108.

(2) The remainder of this act shall take effect in 60 days.