

No. 2017-42

AN ACT

HB 271

Amending Titles 3 (Agriculture) and 4 (Amusements) of the Pennsylvania Consolidated Statutes, extensively revising gaming provisions as follows:

In Title 3:

for horse racing, in the area of race horse industry reform.

In Title 4:

for amusements generally, in the areas of fantasy contests, of lottery and of iLottery;

for gaming, in the areas of general provisions, of Pennsylvania Gaming Control Board, of licensees, of table games, of interactive gaming, of revenues, of administration and enforcement and of miscellaneous provisions; and

providing for video gaming.

Providing, as to the revisions:

for related repeals.

Repealing a provision related to keno in the State Lottery Law.

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

Section 1. Section 9313 of Title 3 of the Pennsylvania Consolidated Statutes is amended to read:

§ 9313. Budget.

Beginning July 1, 2016, the commission and the Department of Agriculture shall annually submit a budget request to the Secretary of the Budget in accordance with the provisions contained in section 610 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, consisting of amounts to be appropriated from the State Racing Fund, the Pennsylvania Race Horse Development *Trust* Fund and the General Fund to administer and enforce this chapter and for the promotion of horse racing. Beginning July 1, 2016, and annually thereafter, 1% of the previous fiscal year's deposits into the Pennsylvania Race Horse Development *Trust* Fund shall be transferred from the Pennsylvania Race Horse Development *Trust* Fund to the State Racing Fund to provide for the promotion of horse racing.

Section 1.1. Section 9330(f) of Title 3 is repealed:

§ 9330. Place and manner of conducting pari-mutuel wagering at racetrack enclosure.

{(f) Primary market area.—

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

(2) Nothing in this subsection shall be construed to prohibit a licensed racing entity from accepting a wager from or establishing an

electronic wagering account for any person located in the primary market area of the racetrack where the licensed racing entity is conducting a horse race meeting. If two tracks share the primary market area, both racetracks shall have equal rights to the market in the shared area.]

Section 1.2. Sections 9352(3) and (4), 9356(b)(2) and (10) and 9374(a) of Title 3 are amended to read:

§ 9352. Licensing costs and fees.

Costs and fees are as follows:

* * *

(3) Initial license fee:

(i) The fee for an electronic wagering license under section 9351(a) (relating to general license requirements) shall be **[\$500,000] \$50,000**. If an applicant that is also a Category 1 slot machine licensee or its corporate successor or affiliate paid the license fee under 4 Pa.C.S. § 1209 (relating to slot machine license fee), the fee required under this paragraph shall be deemed paid. A fee paid under this paragraph shall be deposited in the State Racing Fund, or, in the case of a deemed payment, transferred to the State Racing Fund upon certification of the Secretary of the Budget.

(ii) The fee for an initial totalisator or racing vendor license under section 9351(a.1) shall be \$25,000 and shall be deposited in the State Racing Fund.

(4) License renewal fee:

(i) The fee for an electronic wagering license renewal under section 9351(b)(2) shall be **[\$100,000] \$10,000**. If an existing licensee under this section that is also a Category 1 slot machine licensee or its corporate successor or an affiliate paid the license fee under 4 Pa.C.S. § 1209, the fee required under this paragraph shall be deemed paid. A license renewal may not be issued until receipt of the license renewal fee. The license fee shall be deposited into the State Racing Fund, or, in the case of a deemed payment, it shall be transferred to the State Racing Fund.

(ii) The fee for the renewal of a totalisator or racing vendor license under section 9351(b)(1) shall be \$5,000 and shall be deposited in the State Racing Fund.

* * *

§ 9356. Operations.

* * *

(b) Requirements.—

* * *

(2) A licensee shall **[enter into an agreement with each licensed racing entity in this Commonwealth on whose races the licensee offers wagering regarding payment of host fees and any other applicable fees, costs or payments of any kind to be paid to the licensed racing entity. The licensed racing entity and the applicable horsemen's organization shall negotiate a separate agreement for contributions to the purse account.] contribute to the purse account in accordance with**

section 9331(d) (relating to pari-mutuel wagering at nonprimary locations).

* * *

(10) The information supplied by the account holder shall be verified by the licensee using means acceptable to the commission. **[A secondary pari-mutuel organization must verify that the account holder does not reside within the primary market area of a licensed racing entity.]**

* * *

§ 9374. Costs of enforcement of medication rules or regulations.

(a) Authorization.—Beginning July 1, 2016, and each year thereafter, the General Assembly shall authorize the transfer of funds from the Pennsylvania Race Horse Development *Trust* Fund to the State Racing Fund to provide for each cost associated with the collection and research of and testing for medication, which shall include the cost of necessary personnel, equipment, supplies and facilities, except holding barns or stables, to be located at horse race facilities, grounds or enclosures or at other locations designated by the commission. All such costs shall be reviewed and approved by the commission. The transfer shall be made in 52 equal weekly installments during the fiscal year before any other distribution from the Pennsylvania Race Horse Development *Trust* Fund.

* * *

Section 1.3. (Reserved).

Section 1.4. Title 4 is amended by adding a part to read:

***PART I
AMUSEMENTS GENERALLY***

Chapter

- 1. Preliminary Provisions (Reserved)***
- 3. Fantasy Contests***
- 5. Lottery***

***CHAPTER 1
PRELIMINARY PROVISIONS
(Reserved)***

***CHAPTER 3
FANTASY CONTESTS***

Subchapter

- A. General Provisions***
- B. Administration***
- C. Licensure***
- D. Fiscal Provisions***
- E. Miscellaneous Provisions***

***SUBCHAPTER A
GENERAL PROVISIONS***

Sec.

301. Scope of chapter.

302. Definitions.

§ 301. Scope of chapter.

This chapter relates to fantasy contests.

§ 302. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Applicant." *A person who, on his own behalf or on behalf of another, is applying for permission to engage in any act or activity which is regulated under the provisions of this chapter. If the applicant is a person other than an individual, the board shall determine the associated persons whose qualifications are necessary as a precondition to the licensing of the applicant.*

"Beginner." *A participant who has entered fewer than 51 contests offered by a single licensed operator or who does not meet the definition of a highly experienced player.*

"Board." *The Pennsylvania Gaming Control Board.*

"Bureau." *The Bureau of Investigations and Enforcement of the board.*

"Conduct of gaming." *As defined in section 1103 (relating to definitions).*

"Controlling interest." *Either of the following:*

(1) *For a publicly traded domestic or foreign corporation, partnership, limited liability company or other form of publicly traded legal entity, a controlling interest is an interest if a person's sole voting rights under State law or corporate articles or bylaws entitle the person to elect or appoint one or more of the members of the board of directors or other governing board or the ownership or beneficial holding of 5% or more of the securities of the publicly traded corporation, partnership, limited liability company or other form of publicly traded legal entity, unless this presumption of control or ability to elect is rebutted by clear and convincing evidence.*

(2) *For a privately held domestic or foreign corporation, partnership, limited liability company or other form of privately held legal entity, a controlling interest is the holding of securities of 15% or more in the legal entity, unless this presumption of control is rebutted by clear and convincing evidence.*

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

"Entry fee." *The cash or cash equivalent paid by a participant to a licensed operator in order to participate in a fantasy contest.*

"Fantasy contest." *As follows:*

(1) *An online fantasy or simulated game or contest with an entry fee and a prize or award in which:*

(i) *The value of all prizes or awards offered to winning participants is established and made known to participants in advance of the contest and the value is not determined by the number of participants or the amount of any fees paid by those participants.*

(ii) *All winning outcomes reflect the relative knowledge and skill of participants and are determined by accumulated statistical results of the performance of individuals, including athletes in the case of sports events.*

(iii) *No winning outcome is based on the score, point spread or performance of a single actual team or combination of teams or solely on a single performance of an individual athlete or player in a single actual event.*

(2) *The term does not include social fantasy contests.*

"Fantasy contest account." The formal electronic system implemented by a licensed operator to record a participant's entry fees, prizes or awards and other activities related to participation in the licensed operator's fantasy contests.

"Fantasy contest adjusted revenues." For each fantasy contest, the amount equal to the total amount of all entry fees collected from all participants entering the fantasy contest minus prizes or awards paid to participants in the fantasy contest, multiplied by the in-State percentage.

"Fantasy contest license." A license issued by the board authorizing a person to offer fantasy contests in this Commonwealth in accordance with this chapter.

"Fantasy contest terminal." A computerized or electronic terminal or similar device within a licensed facility that allows participants to:

- (1) *register for a fantasy contest account;*
- (2) *pay an entry fee;*
- (3) *select athletes for a fantasy contest;*
- (4) *receive winnings; or*
- (5) *otherwise participate in a fantasy contest.*

"Gaming service provider." As defined in section 1103.

"Highly experienced player." As follows:

- (1) *Any participant who has:*
 - (i) *entered more than 1,000 fantasy contests; or*
 - (ii) *won more than three fantasy contest prizes or awards valued at \$1,000 or more.*

(2) *Once a participant is classified as a highly experienced player, a player shall remain classified as a highly experienced player.*

"In-State participant." An individual who participates in a fantasy contest conducted by a licensed operator and pays a fee to a licensed operator from a location within this Commonwealth. The term includes an individual who pays an entry fee through a fantasy contest terminal within a licensed facility.

"In-State percentage." For each fantasy contest, the percentage, rounded to the nearest tenth of a percent, equal to the total entry fees collected from all in-State participants divided by the total entry fees collected from all participants in the fantasy contest.

"Institutional investor." As defined in section 1103.

"Key employee." An individual who is employed by an applicant for a fantasy contest license or a licensed operator in a director or department head capacity or who is empowered to make discretionary decisions that regulate fantasy contest operations as determined by the board.

"Licensed entity representative." *A person, including an attorney, agent or lobbyist, acting on behalf of or authorized to represent the interest of an applicant, licensee or other person authorized by the board to engage in an act or activity which is regulated under this chapter regarding a matter before, or which may be reasonably be expected to come before, the board.*

"Licensed facility." *As defined in section 1103.*

"Licensed gaming entity." *As defined in section 1103.*

"Licensed operator." *A person who holds a fantasy contest license.*

"Licensee." *A licensed operator, a principal or key employee of a licensed operator.*

"Participant." *An individual who participates in a fantasy contest, whether the individual is located in this Commonwealth or another jurisdiction.*

"Person." *A natural person, corporation, publicly traded corporation, foundation, organization, business trust, estate, limited liability company, licensed corporation, trust, partnership, limited liability partnership, association or any other form of legal business entity.*

"Principal." *An officer, director or person who directly holds a beneficial interest in or ownership of the securities of an applicant for a fantasy contest license or a licensed operator, a person who has a controlling interest in an applicant for a fantasy contest license or a licensed operator or who has the ability to elect a majority of the board of directors of a licensed operator or to otherwise control a licensed operator, lender or other licensed financial institution of an applicant for a fantasy contest license or a licensed operator, other than a bank or lending institution which makes a loan or holds a mortgage or other lien acquired in the ordinary course of business, underwriter of an applicant for a fantasy contest license or a licensed operator or other person or employee of an applicant for a fantasy contest license or a licensed operator deemed to be a principal by the board.*

"Prize or award." *Anything of value worth \$100 or more or any amount of cash or cash equivalents.*

"Publicly traded corporation." *A person, other than an individual, that:*

(1) has a class or series of securities registered under the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78a et seq.);

(2) is a registered management company under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.); or

(3) is subject to the reporting requirements under section 15(d) of the Securities Exchange Act of 1934 by reason of having filed a registration statement that has become effective under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.).

"Script." *A list of commands that a fantasy-contest-related computer software program can execute that is created by a participant or third party not approved by the licensed operator to automate processes on a licensed operator's fantasy contest platform.*

"Season-long fantasy contest." *A fantasy contest offered by a licensed operator that is conducted over an entire sports season.*

"Social fantasy contest." *A fantasy contest which meets one or more of the following criteria:*

(1) *Nothing is offered to participants other than game-based virtual currency that cannot be redeemed for cash, merchandise or anything of value outside the context of game play.*

(2) *The contest is free to all participants.*

(3) *The entity offering the contest receives no compensation, other than an administrative fee for the maintenance of statistical information, in connection with the contest.*

(4) *The winnings offered are of no greater value than the lowest individual fee charged to a single participant for entering or participating in the contest.*

(5) *The contest encompasses an entire season of the activity in which the underlying competition is being conducted and the winnings offered, if any, are determined by agreement of the participants only in order to distribute fully the participants' contributions to a fund established to grant the winnings for the contest.*

"Suspicious transaction." *A transaction between a licensed operator or an employee of a licensed operator and an individual that involves the acceptance or redemption by a person of cash or cash equivalent involving or aggregating \$5,000 or more which a licensed operator or employee of a licensed operator knows, suspects or has reason to believe:*

(1) *involves funds derived from illegal activities or is intended or conducted in order to conceal or disguise funds or assets derived from illegal activities;*

(2) *is part of a plan to violate or evade a law or regulation to avoid a transaction reporting requirement under the laws or regulations of the United States or this Commonwealth, including a plan to structure a series of transactions to avoid a transaction reporting requirement under the laws of the United States or this Commonwealth; or*

(3) *has no apparent lawful purpose or is not the type of transaction in which a person would normally be expected to engage and the licensed operator or employee knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.*

SUBCHAPTER B ADMINISTRATION

Sec.

311. General and specific powers of board.

312. Temporary regulations.

313. Fantasy contest license appeals.

314. Board minutes and records.

315. Reports of board.

§ 311. General and specific powers of board.

(a) General powers.—

(1) *The board shall have general and sole regulatory authority over the conduct of fantasy contests and related activities as described in this*

chapter. The board shall ensure the integrity of fantasy contests offered in this Commonwealth.

(2) The board may employ individuals as necessary to carry out the requirements of this chapter, who shall serve at the board's pleasure. An employee of the board shall be considered a State employee for purposes of 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).

(b) Specific powers.—The board shall have the following specific powers:

(1) At the board's discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance of licenses under this chapter.

(2) At the board's discretion, to suspend, condition or deny the issuance or renewal of a license or levy fines for any violation of this chapter.

(3) To publish each January on the board's publicly accessible Internet website a complete list of all persons who applied for or held a fantasy contest license at any time during the preceding calendar year and the status of the application or fantasy contest license.

(4) To prepare and, through the Governor, submit annually to the General Assembly an itemized budget consistent with Article VI of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, consisting of the amounts necessary to be appropriated by the General Assembly out of the accounts established under section 332 (relating to licensed operator deposits) required to meet the obligations under this chapter accruing during the period beginning July 1 of the following fiscal year.

(5) In the event that, in any year, appropriations for the administration of this chapter are not enacted by June 30, any funds appropriated for the administration of this chapter which are unexpended, uncommitted and unencumbered at the end of a fiscal year shall remain available for expenditure by the board until the enactment of appropriation for the ensuing fiscal year.

(6) To promulgate rules and regulations necessary for the administration and enforcement of this chapter. Except as provided in section 312 (relating to temporary regulations), regulations shall be adopted under the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, and the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

(7) To administer oaths, examine witnesses and issue subpoenas compelling the attendance of witnesses or the production of documents and records or other evidence or to designate officers or employees to perform duties required by this chapter.

(7.1) To require prospective and existing employees, independent contractors, applicants and licensees to submit to fingerprinting by the Pennsylvania State Police or an authorized agent of the Pennsylvania State Police. The Pennsylvania State Police or authorized agent of the Pennsylvania State Police shall submit the fingerprints to the Federal Bureau of Investigation for purposes of verifying the identity of the individual and obtaining records of criminal arrests and convictions.

(7.2) To require prospective and existing employees, independent contractors, applicants and licensees to submit photographs consistent with the standards established by the board.

(7.3) To require licensed operators to maintain an office or place of business within this Commonwealth.

(7.4) To exempt certain prospective and existing employees or independent contractors from the requirements under paragraphs (7.1) and (7.2) that are not inconsistent with the proper regulation of fantasy contests under this chapter.

(8) At the board's discretion, to delegate any of the board's responsibilities under this chapter to the executive director of the board or other designated staff.

(9) To require licensed operators and applicants for a fantasy contest license to submit any information or documentation necessary to ensure the proper regulation of fantasy contests in accordance with this chapter.

(10) To require licensed operators, except for a licensed operator operating season-long fantasy contests that generate less than \$250,000 in season-long fantasy contest adjusted revenue, unless the board determines otherwise, to:

(i) contract with a certified public accountant to conduct an annual independent audit in accordance with standards adopted by the American Institute of Certified Public Accountants to verify compliance with the provisions of this chapter and board regulations;

(ii) contract with a testing laboratory approved by the board to annually verify compliance with the provisions of this chapter and board regulations; and

(iii) annually submit to the board and department a copy of the audit report required by subparagraph (i) and submit to the board a copy of the report of the testing laboratory required by subparagraph (ii).

(11) In conjunction with the Department of Drug and Alcohol Programs or successor agency, to develop a process by which licensed operators provide participants with a toll-free telephone number that provides individuals with information on how to access appropriate treatment services.

(12) To promulgate regulations regarding the placement and operation of fantasy contest terminals within licensed facilities and to ensure the integrity of fantasy contest terminals.

(b.1) Licensed entity representative.—

(1) A licensed entity representative shall register with the board, in a manner prescribed by the board. The registration shall include the name, employer or firm, business address and business telephone number of both the licensed entity representative and any licensed operator, applicant for licensure or other person being represented.

(2) A licensed entity representative shall have an affirmative duty to update its registration information on an ongoing basis. Failure to update a registration shall be punishable by the board.

(3) *The board shall maintain a list of licensed entity representatives which shall contain the information required under paragraph (1) and shall be available on the board's publicly accessible Internet website.*

(c) *Exceptions.—Except as provided under section 342 (relating to licensed gaming entities), nothing in this section shall be construed to authorize the board to require any additional permits or licenses not specifically enumerated in this chapter.*

§ 312. Temporary regulations.

(a) *Promulgation.—In order to facilitate the prompt implementation of this chapter, regulations promulgated by the board shall be deemed temporary regulations and shall expire no later than two years following the publication of temporary regulations. The board may promulgate temporary regulations not subject to:*

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

(2) *Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.*

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

(b) *Expiration.—Except for temporary regulations concerning network connectivity, security and testing and compulsive and problem play, the authority provided to the board to adopt temporary regulations in subsection (a) shall expire no later than two years following the publication of temporary regulations. Regulations adopted after this period shall be promulgated as provided by law.*

§ 313. Fantasy contest license appeals.

An applicant may appeal any final order, determination or decision of the board involving the approval, issuance, denial, revocation or conditioning of a fantasy contest license in accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

§ 314. Board minutes and records.

(a) *Record of proceedings.—The board shall maintain a record of all proceedings held at public meetings of the board. The verbatim transcript of the proceedings shall be the property of the board and shall be prepared by the board upon the request of any person and the payment by that person of the costs of preparation.*

(b) *Applicant information.—*

(1) *The board shall maintain a list of all applicants for a fantasy contest license. The list shall include a record of all actions taken with respect to each applicant. The list shall be available on the board's publicly accessible Internet website.*

(2) *Information under paragraph (1) regarding an applicant whose fantasy contest license has been denied, revoked or not renewed shall be removed from the list after seven years from the date of the action.*

(c) *Other files and records.—The board shall maintain such other files and records as it may deem appropriate.*

(d) *Confidentiality of information.—*

(1) The following information submitted by an applicant for a fantasy contest license under section 322 (relating to application) or otherwise obtained by the board or the bureau as part of a background or other investigation from any source shall be confidential and withheld from public disclosure:

(i) All information relating to character, honesty and integrity, including family, habits, reputation, history of criminal activity, business activities, financial affairs and business, professional and personal associations.

(ii) Nonpublic personal information, including home addresses, telephone numbers and other personal contact information, Social Security numbers, educational records, memberships, medical records, tax returns and declarations, actual or proposed compensation, financial account records, creditworthiness or financial condition relating to an applicant or licensee.

(iii) Information relating to proprietary information, trade secrets, patents or exclusive licenses, architectural and engineering plans and information relating to competitive marketing materials and strategies that may include customer-identifying information or customer prospects for services subject to competition.

(iv) Information with respect to which there is a reasonable possibility that public release or inspection of the information would constitute an unwarranted invasion into personal privacy of an individual as determined by the board.

(v) Records of an applicant for a fantasy contest license or a licensed operator not required to be filed with the Securities and Exchange Commission by issuers that either have securities registered under section 12 of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78l) or are required to file reports under section 15(d) of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78o).

(vi) Records considered nonpublic matters or information by the Securities and Exchange Commission as provided by 17 CFR 200.80 (relating to commission records and information).

(vii) Financial or security information deemed confidential by the board upon a showing of good cause by the applicant for a fantasy contest license or licensed operator.

(2) Except as provided in paragraph (1), no claim of confidentiality shall be made regarding any criminal history record information that is available to the public under 18 Pa.C.S. § 9121(b) (relating to general regulations).

(3) Except as provided in paragraph (1), no claim of confidentiality shall be made regarding a record in possession of the board that is otherwise publicly available from the board under the act of February 14, 2008 (P.L. 6, No.3), known as the Right-to-Know Law.

(4) The information made confidential under this section shall be withheld from public disclosure, in whole or in part, except that any confidential information shall be released upon the order of a court of competent jurisdiction or, with the approval of the Attorney General, to

a duly authorized law enforcement agency or shall be released to the public, in whole or in part, to the extent that such release is requested by an applicant for a fantasy contest license or licensed operator and does not otherwise contain confidential information about another person.

(5) The board may seek a voluntary waiver of confidentiality from an applicant for a fantasy contest license or a licensed operator, but may not require an applicant or licensed operator to waive any confidentiality provided for in this subsection as a condition for the approval of an application, renewal of a fantasy contest license or any other action of the board.

(e) Notice.—Notice of the contents of any information, except to a duly authorized law enforcement agency under this section, shall be given to an applicant or licensee in a manner prescribed by the rules and regulations adopted by the board.

(f) Information held by department.—Files, records, reports and other information in the possession of the department pertaining to licensed operators or applicants shall be made available to the board as may be necessary for the effective administration of this chapter.

§ 315. Reports of board.

(a) General rule.—The annual report submitted by the board under section 1211 (relating to reports of board) shall include the following information on the conduct of fantasy contests:

(1) Total fantasy contest adjusted revenues.

(2) All taxes, fees, fines and other revenue collected from licensed operators during the previous year. The department shall collaborate with the board to carry out the requirements of this section.

(3) At the board's discretion, any other information related to the conduct of fantasy contests or licensed operators.

(b) Licensed operators.—The board may require licensed operators to provide information to the board to assist in the preparation of the report.

**SUBCHAPTER C
LICENSURE**

Sec.

321. General prohibition.

322. Application.

323. Issuance and denial of license.

324. License renewal.

325. Conditions of licensure.

326. Prohibitions.

327. Change in ownership or control of licensed operators.

328. Penalties.

§ 321. General prohibition.

(a) General rule.—Except as provided in subsection (b), no person may offer or otherwise make available for play in this Commonwealth a fantasy contest without a fantasy contest license.

(b) Existing activity.—A person who applies for or renews a fantasy contest license in accordance with this chapter may operate during the application or renewal period unless:

(1) The board has reasonable cause to believe the person or licensed operator is or may be in violation of the provisions of this chapter.

(2) The board requires the person to suspend the operation of a fantasy contest until the fantasy contest license is issued or renewed.

§ 322. Application.

(a) Form and information.—An application for a fantasy contest license shall be submitted on a form and in manner as shall be required by the board. An application for a fantasy contest license shall contain the following information:

(1) (i) if the applicant is an individual, the name, Federal employer identification number and business address of the applicant;

(ii) if the applicant is a corporation, the name and business address of the corporation, the state of its incorporation and the full name and business address of each officer and director thereof;

(iii) if the applicant is a foreign corporation, the name and business address of the corporation, whether it is qualified to do business in this Commonwealth and the full name and business address of each officer and director thereof; and

(iv) if the applicant is a partnership or joint venture, the name and business address of each officer thereof.

(2) The name and business address of the person having custody of the applicant's financial records.

(3) The names and business addresses of the applicant's key employees.

(4) The names and business addresses of each of the applicant's principals.

(5) Information, documentation and assurances related to financial and criminal history as the board deems necessary to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant and the applicant's key employees and principals.

(6) Information and documentation necessary to establish the applicant's ability to comply with section 325 (relating to conditions of licensure).

(7) Any other information required by the board.

(b) Nonrefundable application fee.—Each application submitted under this chapter shall be accompanied by a nonrefundable application fee, which shall be established by the board, and which may not exceed the amount necessary to reimburse the board for all costs incurred by the board for fulfilling the requirements of this section and section 323 (relating to issuance and denial of license).

(c) Additional information.—A person applying for a fantasy contest license shall have an ongoing duty to provide information required by the board and to cooperate in any inquiry or investigation.

(d) Abbreviated application process.—The board, at its discretion, may establish an abbreviated application process for a fantasy contest license for applicants that are also licensed gaming entities. The abbreviated application may only require information not in possession of the board that is necessary to fulfill the requirements of this chapter.

§ 323. Issuance and denial of license.

(a) Duty to review applications.—The board shall review all applications for a fantasy contest license and may issue a license to any applicant that:

(1) Has submitted a completed application and paid the nonrefundable application fee as required by the board under section 322 (relating to application).

(2) Has demonstrated that the applicant has the financial stability, integrity and responsibility to comply with the provisions of this chapter and regulations established by the board.

(3) Has not been denied an application for a fantasy contest license under subsection (b).

(b) Reasons to deny applications.—The board may deny an application for a fantasy contest license if the applicant:

(1) has knowingly made a false statement of material fact in the application or has deliberately failed to disclose any information requested;

(2) employs a principal or key employee who has been convicted in any jurisdiction of any of the following:

(i) a felony;

(ii) an offense under the laws of another jurisdiction which, if committed in this Commonwealth, would be subject to imprisonment for more than five years; or

(iii) a misdemeanor gambling offense, unless 15 years have elapsed from the date of conviction for the offense.

(3) has at any time knowingly failed to comply with the provisions of this chapter or of any requirements of the board;

(4) has had a registration, permit or license to conduct fantasy contests denied or revoked in any other jurisdiction;

(5) has legally defaulted in the payment of any obligation or debt due to the Commonwealth or is not compliant with taxes due;

(6) is not qualified to do business in this Commonwealth or is not subject to the jurisdiction of the courts of the Commonwealth; or

(7) is found by the board to be unsuitable for licensure or inimicable to the interest of the Commonwealth to offer fantasy contests in this Commonwealth.

(c) Time period for review.—The board shall conclude its review of an application for a fantasy contest license within 120 days of receipt of the completed application. If the fantasy contest license is not issued, the board shall provide the applicant with the justification for not issuing the fantasy contest license.

(d) License fee.—

(1) Within 30 days of the board issuing a fantasy contest license, a successful applicant shall pay to the board a license fee of \$50,000.

(2) *The license fee collected under this subsection shall be deposited into the General Fund.*

(3) *If a licensed operator fails to pay the fee required by this subsection, the board shall suspend or revoke the licensed operator's fantasy contest license until payment of the license fee is received.*

(e) *Abbreviated approval process.—The board, at its discretion, may establish an abbreviated approval process for the issuance of a fantasy contest license to a licensed gaming entity whose slot machine license under Chapter 13 (relating to licensees) and table game operation certificate under Chapter 13A (relating to table games) are in good standing.*

§ 324. License renewal.

(a) *Renewal.—*

(1) *A fantasy contest license issued under this chapter shall be valid for a period of five years.*

(2) *Nothing in this subsection shall be construed to relieve a licensed operator of the affirmative duty to notify the board of any changes relating to the status of its fantasy contest license or to any other information contained in the application materials on file with the board.*

(3) *The application for renewal of a fantasy contest license must be submitted at least 180 days prior to the expiration of the fantasy contest license and include an update of the information contained in the initial application for a fantasy contest license. A fantasy contest license for which a completed renewal application and fee as required under subsection (c) has been received by the board shall continue in effect unless and until the board sends written notification to the licensed operator that the board has denied the renewal of the fantasy contest license.*

(b) *Revocation or failure to renew.—*

(1) *In addition to any other sanction the board may impose under this chapter, the board may at its discretion suspend, revoke or deny renewal of a fantasy contest license issued under this chapter if it receives information that:*

(i) *the licensed operator or the licensed operator's key employees or principals are in violation of any provision of this chapter;*

(ii) *the licensed operator has furnished the board with false or misleading information;*

(iii) *the information contained in the licensed operator's initial application or any renewal application is no longer true and correct;*

(iv) *the licensed operator has failed to remit taxes or assessments required under section 331 (relating to fantasy contest tax), 332 (relating to licensed operator deposits) or 333 (relating to responsibility and authority of department); or*

(v) *the licensed operator has legally defaulted in the payment of any obligation or debt due to the Commonwealth.*

(2) In the event of a revocation or failure to renew, the licensed operator's authorization to conduct fantasy contests shall immediately cease and all fees paid in connection with the application shall be deemed to be forfeited.

(3) In the event of a suspension, the licensed operator's authorization to conduct fantasy contests shall immediately cease until the board has notified the licensed operator that the suspension is no longer in effect.

(c) Renewal fee.—

(1) Within 30 days of the board renewing a fantasy contest license, the licensed operator shall pay to the board a renewal fee of \$10,000.

(2) The renewal fee collected by the board under this subsection shall be deposited into the General Fund.

(3) If a licensed operator fails to pay the renewal fee required under this subsection, the board shall suspend or revoke the licensed operator's fantasy contest license until payment of the renewal fee is received.

§ 325. Conditions of licensure.

As a condition of licensure, the board shall require each licensed operator to establish and implement procedures to govern the conduct of fantasy contests in this Commonwealth. The procedures, at a minimum, shall:

(1) Permit only participants who have established a fantasy contest account with the licensed operator to participate in a fantasy contest conducted by the licensed operator.

(2) Verify the age, location and identity of any participant prior to making a deposit into a fantasy contest account for a participant located in this Commonwealth according to regulations established by the board. No participant under 18 years of age may be permitted to establish a fantasy contest account with a licensed operator.

(3) Verify the identity of a participant by requiring the participant to provide the licensed operator a unique user name and password prior to accessing a fantasy contest account.

(4) Ensure rules and prizes and awards established by the licensed operator for a fantasy contest are made known to a participant prior to the acceptance of any entry fee and prize and award values are not determined by the number of participants nor the amount of any fees paid by those participants.

(4.1) Develop and offer fantasy contests that are limited to beginners as follows:

(i) Except as provided in subparagraph (ii), a licensed operator shall prohibit participants who are not beginners from participating, directly or through another person as a proxy, in beginner fantasy contests.

(ii) A licensed operator may allow a participant who is not a beginner to enter up to 10 beginner fantasy contests in any sport in which that participant has not already entered 20 fantasy contests.

(iii) A licensed operator shall suspend the account of a participant who is not a beginner, except as provided for in

subparagraph (ii), that enters a beginner fantasy contest and shall ban the participant from further participation in beginner fantasy contests offered by the licensed operator.

(4.2) Develop and offer fantasy contests in which highly experienced players cannot, either directly or through another person as a proxy, participate. A licensed operator shall suspend the account of any highly experienced player who enters a fantasy contest which excludes highly experienced players, directly or through another person as a proxy, and shall ban the individual from further participation in fantasy contests offered by the licensed operator.

(4.3) Establish a procedure for receiving and responding to participant complaints and reconciling a participant's fantasy contest account. The licensed operator shall forward to the board on a quarterly basis a copy of each complaint received.

(4.4) Submit, in the manner as the board requires, a description of the licensed operator's administrative and accounting procedures in detail, including its written system of internal control. Each written system of internal control shall include:

(i) An organizational chart depicting appropriate segregation of employee functions and responsibilities.

(ii) A description of the duties and responsibilities of each employee position shown on the organizational chart.

(iii) A detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this section.

(iv) Record retention policy.

(v) A statement signed by the chief financial officer of the proposed licensed operator or other competent person and the chief executive officer of the proposed licensed operator or other competent person attesting that the officers believe, in good faith, that the system satisfies the requirements of this section.

(vi) Any other item that the board may require in its discretion.

(4.5) File a report of any suspicious transaction with the bureau. The following shall apply:

(i) A licensed operator or a person acting on behalf of a licensed operator who knowingly fails to file a report of a suspicious transaction commits a misdemeanor of the third degree.

(ii) A licensed operator or a person acting on behalf of a licensed operator who fails to file a report or a person who causes another person required under this section to fail to file a report of a suspicious transaction shall be strictly liable for his actions and may be subject to sanctions as determined by the board.

(iii) The bureau shall maintain a record of all reports made under this paragraph for a period of five years. The bureau shall make the reports available to any Federal or State law enforcement agency without necessity of subpoena.

(iv) A person who is required to file a report of a suspicious transaction shall not notify an individual suspected of committing the suspicious transaction that the transaction has been reported. A

person that violates this subsection commits a misdemeanor of the third degree and may be subject to sanctions as determined by the board.

(v) A person who is required to file a report of a suspicious transaction who in good faith makes the report shall not be liable in any civil action brought by a person for making the report, regardless of whether the transaction is later determined to be suspicious.

(5) Ensure that an individual who is the subject of a fantasy contest is restricted from entering as a participant in a fantasy contest that is determined, in whole or part, on the accumulated statistical results of a team of individuals in the sport in which the individual is a member.

(6) Allow a person to restrict himself from entering a fantasy contest or accessing a fantasy contest account for a specific period of time as determined by the participant and implement procedures to prevent the person from participating in the licensed operator's fantasy contests. The following shall apply to self-exclusions:

(i) A person may request placement on the list of self-excluded persons and agree that, during any period of voluntary exclusion, the person may not collect any winnings nor recover any losses resulting from any fantasy contest activity.

(ii) Notwithstanding any other law to the contrary, the board's list of self-excluded persons shall not be open to public inspection. Nothing in this section shall be construed to prohibit a licensed operator from disclosing the identity of persons self-excluded under this paragraph to affiliated licensed gaming entities or licensed operators in this Commonwealth or other jurisdictions for the limited purpose of assisting in the proper administration of responsible programs operated by affiliated licensed gaming entities or licensed operators.

(7) Allow a person to restrict the total amount of deposits that the participant may pay to the licensed operator for a specific time period established by the participant and implement procedures to prevent the participant from exceeding the limit.

(8) Conspicuously post compulsive and problem play notices at fantasy contest registration points and provide the toll-free telephone number to participants. The toll-free telephone number and the compulsive and problem play notice shall be approved by the board, in consultation with the Department of Drug and Alcohol Programs or a successor agency.

(9) Disclose the number of entries a single participant may submit to each fantasy contest and take steps to prevent such participants from submitting more than the allowable number.

(10) Prohibit the licensed operator's principals, employees and relatives living in the same household of an employee or principal from competing in a fantasy contest offered by any licensed operator to the general public and in which fantasy contest the licensed operator offers a prize or award.

(11) Prevent the sharing of confidential information that could affect fantasy contest play with third parties until the information is made publicly available.

(12) Take steps to maintain the confidentiality of a participant's personal and financial information.

(13) Segregate participant funds from operational funds in separate accounts and maintain a reserve in the form of cash, cash equivalents, security deposits held by banks and processors, an irrevocable letter of credit, payment processor reserves and receivables, a bond or a combination thereof in an amount sufficient to pay all prizes and awards offered to winning participants. To satisfy this paragraph, a licensed operator that only offers season-long fantasy contests that generate less than \$250,000 in season-long fantasy contest adjusted revenue may contract with a third party to hold prizes and awards in an escrow account until after the season is concluded and prizes and awards are distributed.

(14) Provide winning in-State participants with information and documentation necessary to ensure the proper reporting of winnings by in-State participants to the department.

(15) Remit taxes or assessments to the department in accordance with sections 331 (relating to fantasy contest tax), 332 (relating to licensed operator deposits) and 333 (relating to responsibility and authority of department).

(16) Prohibit the use of scripts by participants and implement technologies to prevent the use of scripts.

(17) Monitor fantasy contests for the use of scripts and prohibit participants found to have used such scripts from participation in future fantasy contests.

(18) Establish any other condition deemed appropriate by the board.

§ 326. Prohibitions.

(a) General rule.—No licensed operator may:

(1) accept an entry fee from or permit a natural person under 18 years of age to become a participant in a fantasy contest;

(2) offer a fantasy contest based, in whole or in part, on collegiate or high school athletic events or players;

(3) permit a participant to enter a fantasy contest prior to establishing a fantasy contest account, unless the licensed operator is also a licensed gaming entity and the participant enters a fantasy contest through a fantasy contest terminal located within the licensed gaming entity's licensed facility;

(4) establish a fantasy contest account for a person who is not an individual;

(5) alter rules established for a fantasy contest after a participant has entered the fantasy contest;

(6) issue credit to a participant to establish or fund a fantasy contest account;

(7) knowingly market to a participant during the time period in which the participant has self-excluded from the licensed operator's fantasy contests;

(8) knowingly permit a participant to enter the licensed operator's fantasy contests during the time period in which the participant has self-excluded from the licensed operators' fantasy contests;

(8.1) knowingly allow a self-excluded person to keep a prize or award.

(9) knowingly accept a deposit in excess of a limit established by a participant for the specific time period established by the participant;

(10) share confidential information that could affect fantasy contest play with third parties until the information is made publicly available;

(11) knowingly permit a principal, an employee of a licensed operator or a relative living in the same household of an employee or principal of a licensed operator to become a participant in a fantasy contest offered by any licensed operator in which a licensed operator offers a prize or award;

(12) offer a fantasy contest where:

(i) the value of all prizes or awards offered to winning participants is not established and made known to participants in advance of the fantasy contest;

(ii) the value of the prize or award is determined by the number of participants or the amount of any fees paid by those participants;

(iii) the winning outcome does not reflect the relative knowledge and skill of participants;

(iv) the winning outcome is based on the score, point spread or performance of a single actual team or combination of teams or solely on a single performance of an individual athlete or player in a single actual event; or

(v) the winning outcome is not based on statistical results accumulated from fully completed athletic sports contests or events, except that participants may be credited for statistical results accumulated in a suspended or shortened sports event which has been partially completed on account of weather or other natural or unforeseen event;

(13) fail to remit taxes or assessments to the department in accordance with sections 331 (relating to fantasy contest tax), 332 (relating to licensed operator deposits) and 333 (relating to responsibility and authority of department);

(14) knowingly allow a participant to use a script during a fantasy contest;

(15) except as permitted under section 342 (relating to licensed gaming entities), offer or make available in this Commonwealth a fantasy contest terminal; and

(16) perform any other action prohibited by the board.

(b) **Deposit.**—The licensed operator shall forward the amount of the prize or award under subsection (a)(8.1) to the board which shall transfer the amount to the State Treasurer for deposit in the General Fund.

§ 327. Change in ownership or control of licensed operators.

(a) Notification and approval.—

(1) A licensed operator shall notify the board upon becoming aware of any proposed change of ownership of the licensed operator by a person or group of persons acting in concert which involves any of the following:

(i) More than 15% of a licensed operator's securities or other ownership interests.

(ii) The sale, other than in the ordinary course of business, of a licensed operator's assets.

(iii) Any other transaction or occurrence deemed by the board to be relevant to fantasy contest license qualifications.

(2) Notwithstanding the provisions of paragraph (1), a licensed operator shall not be required to notify the board of any acquisition by an institutional investor under paragraph (1)(i) or (ii) if the institutional investor holds less than 10% of the securities or other ownership interests referred to in paragraph (1)(i) or (ii), the securities or interests are publicly traded securities and its holdings of such securities were purchased for investment purposes only and the institutional investor files with the board a certified statement to the effect that the institutional investor has no intention of influencing or affecting, directly or indirectly, the affairs of the licensed operator. However, the institutional investor may vote on matters put to the vote of the outstanding security holders. Notice to the board shall be required prior to completion of any proposed or contemplated change of ownership of a licensed operator that meets the criteria of this section.

(b) Qualification of purchaser and change of control.—

(1) A purchaser of the assets, other than in the ordinary course of business, of a licensed operator shall independently qualify for a fantasy contest license in accordance with this chapter and shall pay the application fee and license fee as required by sections 322 (relating to application) and 323 (relating to issuance and denial of license), except that if the purchaser of assets is another licensed operator, the purchaser of assets shall not be required to requalify for a fantasy contest license or pay another application fee and license fee.

(2) A change in control of any licensed operator shall require that the licensed operator independently qualify for a fantasy contest license in accordance with this chapter, and the licensed operator shall pay a new application and license fee as required by sections 322 and 323, except that if the new controller is another licensed operator, the new controller shall not be required to requalify for a fantasy contest license or pay another application fee and license fee.

(c) License revocation.—Failure to comply with this section may cause the fantasy contest license issued under this chapter to be revoked or suspended by the board unless the purchase of the assets or the change in control that meets the criteria of this section has been independently qualified in advance by the board and any required application or license fee has been paid.

(d) *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:

"Change in control of a licensed operator." The acquisition by a person or group of persons acting in concert of more than 20% of a licensed operator's securities or other ownership interests, with the exception of any ownership interest of the person that existed at the time of initial licensing and payment of the initial fantasy contest license fee, or more than 20% of the securities or other ownership interests of a corporation or other form of business entity that owns directly or indirectly at least 20% of the voting or other securities or other ownership interests of the licensed operator.

§ 328. *Penalties.*

(a) *Suspension or revocation of license.*—After a public hearing with at least 15 days' notice, the board may suspend or revoke a licensed operator's fantasy contest license in any case where a violation of this chapter has been shown by a preponderance of the evidence.

(b) *Administrative penalties.*—

(1) In addition to suspension or revocation of a fantasy contest license, the board may impose administrative penalties on a licensed operator for violations of this chapter.

(2) A violation of this chapter that is determined to be an offense of a continuing nature shall be deemed to be a separate offense on each event or day during which the violation occurs.

(3) The licensed operator shall have the right to appeal administrative penalties in accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

(4) Penalties imposed under this subsection shall be deposited into the General Fund.

(c) *Civil penalties.*—

(1) In addition to the provisions of this section, a person who knowingly violates a provision of this chapter shall be liable for a civil penalty of not more than \$1,000 for each such violation.

(2) The civil penalty shall be recovered in a civil action brought by the board and shall be paid into the General Fund.

SUBCHAPTER D FISCAL PROVISIONS

Sec.

331. *Fantasy contest tax.*

332. *Licensed operator deposits.*

333. *Responsibility and authority of department.*

334. *Compulsive and problem gambling.*

§ 331. *Fantasy contest tax.*

(a) *Imposition.*—Each licensed operator shall report to the department and pay from its monthly fantasy contest adjusted revenues, on a form and in the manner prescribed by the department, a tax of 15% of its monthly fantasy contest adjusted revenues.

(b) Deposits and distributions.—

(1) The tax imposed under subsection (a) shall be payable to the department on a monthly basis and shall be based upon monthly fantasy contest adjusted revenue derived during the previous month.

(2) All funds owed to the Commonwealth under this section shall be held in trust for the Commonwealth by the licensed operator until the funds are paid to the department.

(3) The tax imposed and collected by the department under subsection (a) shall be deposited into the General Fund.

(c) Penalty.—

(1) A licensed operator who fails to timely remit to the department the tax imposed under this section shall be liable, in addition to any sanction or penalty imposed under this chapter, for the payment of a penalty of 5% per month up to a maximum of 25% of the amounts ultimately found to be due, to be recovered by the department.

(2) Penalties imposed and collected by the department or the board under this subsection shall be deposited into the General Fund.

§ 332. Licensed operator deposits.

(a) Accounts established.—The State Treasurer shall establish within the State Treasury an account for each licensed operator for the deposits required under subsection (b) to recover costs or expenses incurred by the board and the department in carrying out their powers and duties under this chapter based upon a budget submitted by the board and the department under subsection (c).

(b) Deposits.—

(1) The department shall determine the appropriate assessment amount for each licensed operator, which shall be a percentage assessed by the department on the licensed operator's fantasy contest adjusted revenues. Each licensed operator shall deposit funds into its account on a monthly basis.

(2) The percentage assessed by the department shall not exceed an amount necessary to recover costs or expenses incurred by the board and the department in carrying out their powers and duties under this chapter based on a budget submitted by the board and the department under subsection (c).

(c) Itemized budget reporting.—

(1) The board and the department shall prepare and annually submit to the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives an itemized budget consisting of amounts to be appropriated out of the accounts established under this section necessary to administer this chapter.

(2) The itemized budget required under paragraph (1) shall be submitted in conjunction with the budget required to be submitted under section 1202(b)(28) (relating to general and specific powers).

(d) Appropriation.—Costs and expenses from accounts established under subsection (a) shall only be disbursed upon appropriation by the General Assembly.

(e) Penalty.—

(1) A licensed operator who fails to timely remit to the department the tax imposed under this section shall be liable, in addition to any sanction or penalty imposed under this chapter, for the payment of a penalty of 5% per month up to a maximum of 25% of the amounts ultimately found to be due, to be recovered by the department.

(2) Penalties imposed and collected by the department under this subsection shall be deposited into the General Fund.

§ 333. Responsibility and authority of department.

(a) General rule.—The department shall administer and collect taxes imposed under section 331 (relating to fantasy contest tax) and interest imposed under section 806 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, and promulgate and enforce rules and regulations to carry out its prescribed duties in accordance with sections 331 and 332 (relating to licensed operator deposits), including the collection of taxes, penalties, assessments and interest.

(b) Procedure.—For purposes of implementing sections 331 and 332, the department may promulgate regulations in the same manner in which the board is authorized as provided in section 312 (relating to temporary regulations).

§ 334. Compulsive and problem gambling.

Each year, from the tax imposed under section 331, the amount equal to .002 multiplied by the total fantasy contest adjusted revenue of all active and operating licensed operators shall be transferred to the Department of Drug and Alcohol Programs or a successor agency to be used for drug and alcohol addiction treatment services, including treatment for drug and alcohol addiction related to compulsive and problem gambling as provided under section 1509.1 (relating to drug and alcohol treatment).

SUBCHAPTER E MISCELLANEOUS PROVISIONS

Sec.**341. Applicability of other statutes.****341.1. Liability.****342. Licensed gaming entities.****§ 341. Applicability of other statutes.**

(a) Unlawful gambling.—The provisions of 18 Pa.C.S. § 5513 (relating to gambling devices, gambling, etc.) shall not apply to a fantasy contest conducted in accordance with this chapter.

(b) Pool selling and bookmaking.—The provisions of 18 Pa.C.S. § 5514 (relating to pool selling and bookmaking) shall not apply to a fantasy contest conducted in accordance with this chapter.

(c) Lotteries.—The provisions of 18 Pa.C.S. § 5512 (relating to lotteries, etc.) shall not apply to a fantasy contest conducted in accordance with this chapter.

(d) State Lottery Law.—This chapter shall not apply to a fantasy contest or similar product authorized under the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, and authorized solely by

the department and the Division of the State Lottery or iLottery under Chapter 5 (relating to lottery).

§ 341.1. Liability.

A licensed operator or employee of a licensed operator shall not be liable to any self-excluded person or to any other party in any judicial proceeding for any harm, monetary or otherwise, which may arise as a result of:

(1) the failure of a licensed operator to withhold fantasy contest privileges from or restore fantasy contest privileges to a self-excluded person; or

(2) otherwise permitting or not permitting a self-excluded person to engage in fantasy contest activity while on the list of self-excluded persons.

§ 342. Licensed gaming entities.

(a) Scope.—This section shall apply to a licensed gaming entity that holds a fantasy contest license.

(b) Applicability.—Nothing in this chapter shall be construed to limit the board's general and sole regulatory authority over the conduct of gaming or related activities under Part II (relating to gaming), including, but not limited to, the certification, registration and regulation of gaming service providers and individuals and entities associated with a gaming service provider.

(c) Restricted contests.—A licensed gaming entity may offer restricted fantasy contests that are exclusive to participants who are at least 21 years of age.

(d) Promotional play.—For a restricted fantasy contest under subsection (c), a licensed gaming entity may offer slot machine promotional play or table game match play to a participant who is at least 21 years of age as a prize or award or for participating in a fantasy contest conducted by the licensed gaming entity.

(e) Gaming service providers.—A licensed operator who is not a licensed gaming entity may, at the discretion of the board, be certificated or registered as a gaming service provider under section 1317.2 (relating to gaming service provider) in order to operate fantasy contests subject to the requirements of this section.

(f) Fantasy contest terminals.—

(1) A licensed gaming entity may petition the board, on a form and in a manner as required by the board, to place and operate fantasy contest terminals within the licensed gaming entity's licensed facility.

(2) The board may, according to regulations adopted by the board, approve the placement and operation of fantasy contest terminals at one or more locations within a licensed facility, provided that fantasy contest terminals may not be placed on the gaming floor.

(3) The board may not require a participant to establish a fantasy contest account prior to entering a fantasy contest through a fantasy contest terminal.

Sec.

501. Scope of chapter.

502. Definitions.

503. iLottery authorization.

504. Retail Incentive Program.

505. Lottery Sales Advisory Council.

§ 501. Scope of chapter.

This chapter relates to lottery.

§ 502. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Agent" or "lottery sales agent." A person licensed under section 305 of the State Lottery Law.

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

"iLottery." A system that provides for the distribution of lottery products through numerous channels that include, but are not limited to, web applications, mobile applications, mobile web, tablets and social media platforms that allow players to interface through a portal for the purpose of obtaining lottery products and ancillary services, such as account management, game purchase, game play and prize redemption.

"iLottery game." Internet instant games and other lottery products offered through iLottery. The term does not include games that represent physical, Internet-based or monitor-based interactive lottery games which simulate casino-style lottery games, specifically including poker, roulette, slot machines or blackjack.

"Internet instant game." A lottery game of chance in which, by the use of a computer, tablet computer or other mobile device, a player purchases a lottery play, with the result of play being a reveal on the device of numbers, letters or symbols indicating whether a lottery prize has been won according to an established methodology as provided by the lottery.

"Lottery" or "State Lottery." The lottery established under the State Lottery Law.

"Lottery products." Plays, shares or chances offered by the State Lottery as well as lottery property that may be exchanged for plays, shares or chances. The term includes instant tickets, terminal-based tickets, raffle games, play-for-fun games, lottery vouchers, subscription services and gift cards authorized for sale under the State Lottery Law.

"Secretary." The Secretary of Revenue of the Commonwealth.

"State Lottery Law." The act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law.

"Subscription services." A payment, advance payment or promise of payment for multiple lottery products over a specified period of time, including payment through iLottery.

§ 503. iLottery authorization.

(a) Authority.—Notwithstanding any provision of law to the contrary, the department may operate iLottery games.

(b) Temporary regulatory authority.—

(1) In order to facilitate the prompt implementation of iLottery or new sales methods of traditional lottery products over the Internet, regulations promulgated by the secretary shall be deemed temporary regulations which shall expire not later than two years following the publication of the temporary regulations. The secretary may promulgate temporary regulations not subject to:

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

(ii) Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

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

(2) Regulations adopted after the two-year time period shall be promulgated as provided by law.

(c) Prompt implementation.—Notwithstanding any other provision of law to the contrary and in order to facilitate the prompt implementation of iLottery in this Commonwealth, initial contracts entered into by the department for iLottery and related gaming systems, including any necessary hardware, software, licenses or related services, shall not be subject to the provisions of 62 Pa.C.S. (relating to procurement). Contracts entered into under this subsection may not exceed two years.

(d) Player identifiable information.—With the exception of certain information released by the department to notify the public of the identity of a prize recipient or to perform any other obligation of the lottery under laws or regulations related to the payment of lottery prizes, personal identifying information obtained by the department as a result of a player's purchase of lottery products or the claim of a lottery prize, such as name, address, telephone number or player financial information, shall be considered confidential and otherwise exempt from public disclosure whether retained by the department, an agent of the department or a lottery sales agent.

(e) Lottery confidential proprietary information.—

(1) Information obtained by the department as a result of a player's purchase of lottery products or entering a lottery drawing, such as aggregate statistical data which may include play history or player tendencies, shall be considered confidential proprietary information of the department and otherwise exempt from public disclosure whether retained by the department, an agent of the lottery or a lottery sales agent.

(2) Confidential proprietary information shall include any research or study conducted by the lottery or a lottery vendor that utilizes confidential proprietary information obtained under this section.

(f) Revenues.—

(1) Notwithstanding any provision of law to the contrary, revenues accruing from the sale of lottery products under this chapter shall be dedicated to and deposited in the State Lottery Fund as provided for in section 311 of the State Lottery Law. The revenues shall be apportioned as provided for in section 303(a)(11) of the State Lottery Law.

(2) For fiscal years beginning after June 30, 2017, revenues raised under this chapter shall not be subject to the profit margin limitations specified in section 303(a)(11)(iv) of the State Lottery Law.

(g) iLottery game cards.—iLottery game cards or other similar mechanisms that allow players to prepurchase lottery products offered through iLottery sold by a lottery sales agent shall result in the lottery sales agent receiving a commission on the sale as provided for under the State Lottery Law.

(h) Restrictions.—

(1) An iLottery player must be at least 18 years of age to establish an account with the department and must be physically located within the geographical boundaries of this Commonwealth to play iLottery games. A player establishing an account must agree to the terms and conditions presented by the department which must require the player to affirm that the account is limited solely to that player's use for iLottery gaming purposes and that other use is unlawful.

(2) No iLottery game shall be sold, and no prize shall be awarded, to an officer or employee of the division of State Lottery in the department or a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of the officer or employee.

(i) Self-exclusion.—The department shall promulgate regulations regarding the establishment of an iLottery self-exclusion program that would allow individuals to voluntarily exclude themselves from iLottery.

§ 504. Retail Incentive Program.

(a) Establishment.—The department shall establish a Retail Incentive Program to reward lottery sales agents that engage in department-recommended best practices which result in increased lottery sales at the agent's lottery sales location. Consistent with the State Lottery's responsibilities to older Pennsylvanians and the Lottery's commitment to helping agents achieve success in selling lottery products, the Retail Incentive Program shall be designed to generate incremental revenue that exceeds the cost of the program. The program shall be reviewed annually to determine the benefit to older Pennsylvanians and the consistency to the State Lottery's mission.

(b) Funding.—The department shall fund the program with 0.5% of the sale of traditional lottery products at lottery sales agents' physical lottery sales location within the prior fiscal year. The funds administered under this chapter shall not be counted toward the profit margin limitation under section 303(a)(11)(iv) of the State Lottery Law.

(c) Notice.—Prior to the commencement of the Retail Incentive Program, and for each year thereafter that the Retail Incentive Program is in effect, the department shall publish a notice in the Pennsylvania Bulletin detailing the Retail Incentive Program for that fiscal year. The notice shall include program goals, requirements and the assessment metrics that will be used for measuring program effectiveness. A modification in the program must be submitted for publication as a notice in the Pennsylvania Bulletin.

(d) Review.—The notices under subsection (c) shall not be subject to review under any of the following:

(1) Section 205 of the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law.

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

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

(e) Contents.—The Retail Incentive Program shall include regular and varied incentives for lottery sales agents to increase sales by a predetermined percentage over a base period, increase State Lottery signage, keep ticket displays stocked, pay winning tickets and actively promote the sale of lottery products.

(f) Participation.—Participation in the Retail Incentive Program shall be voluntary for lottery sales agents.

(g) Nonlapse.—Amounts remaining in the Retail Incentive Program at the end of a fiscal year shall not lapse, but shall be used to fund retail sales initiatives, including, but not limited to, new equipment, signage, training, coupons, consumer and agent in-store promotions and sales makeovers, designed to improve in-store merchandising, foot traffic and sales.

§ 505. Lottery Sales Advisory Council.

(a) Establishment.—

(1) The department shall establish a Lottery Sales Advisory Council which shall be comprised of the secretary, the Director of the Division of the State Lottery, a representative from the Department of Aging or a successor agency, members of a Statewide food merchants association, lottery sales agents and any other individual, at the discretion of the department.

(2) The Lottery Sales Advisory Council shall meet at times and in a manner at the department's discretion for the purposes of increasing the partnership between the State Lottery and lottery sales agents and developing policy recommendations for increased lottery sales.

(3) The Lottery Sales Advisory Council shall operate in an advisory, nonbinding capacity.

(b) Compensation.—A non-Commonwealth employee member of the Lottery Sales Advisory Council shall not be entitled to any form of compensation from the Commonwealth for the performance of any duty that may be required by the Lottery Sales Advisory Council.

Section 2. Section 1102 of Title 4 is amended to read:

§ 1102. Legislative intent.

The General Assembly recognizes the following public policy purposes and declares that the following objectives of the Commonwealth are to be served by this part:

(1) The primary objective of this part to which all other objectives and purposes are secondary is to protect the public through the regulation and policing of all activities involving gaming and practices that continue to be unlawful.

(2) The authorization of limited gaming by the installation and operation of slot machines as authorized in this part is intended to

enhance live horse racing, breeding programs, entertainment and employment in this Commonwealth.

(2.1) The authorization of table games *and interactive gaming* in this part is intended to supplement slot machine gaming by increasing revenues to the Commonwealth and providing new employment opportunities by creating skilled jobs for individuals related to the conduct of table games at licensed facilities in this Commonwealth *and related to the conduct of interactive gaming*.

(3) The authorization of limited gaming is intended to provide a significant source of new revenue to the Commonwealth to support property tax relief, wage tax reduction, economic development opportunities and other similar initiatives.

(3.1) The authorization of limited gaming in this Commonwealth impacts this Commonwealth as a whole, including the geographic regions of this Commonwealth where licensed facilities are located. Requiring licensed facilities to make annual payments for the privilege of operating in this Commonwealth's counties and municipalities furthers a legitimate government interest of ensuring benefits to not only the host county and host municipality but the region where the licensed facility is located.

(3.2) Requiring annual payments to both host counties and host municipalities recognizes that these two separate units of local government have separate governing bodies, different jurisdictions and may face distinct issues related to the authorization of limited gaming within their boundaries. This distinction applies in all regions, except a city and county of the first class, which are governed by one governing body and where the territorial limits of the jurisdictions are identical and unique.

(4) The authorization of limited gaming is intended to positively assist the Commonwealth's horse racing industry, support programs intended to foster and promote horse breeding and improve the living and working conditions of personnel who work and reside in and around the stable and backside areas of racetracks.

(5) The authorization of limited gaming is intended to provide broad economic opportunities to the citizens of this Commonwealth and shall be implemented in such a manner as to prevent possible monopolization by establishing reasonable restrictions on the control of multiple licensed gaming facilities in this Commonwealth.

(6) The authorization of limited gaming is intended to enhance the further development of the tourism market throughout this Commonwealth, including, but not limited to, year-round recreational and tourism locations in this Commonwealth.

(7) Participation in limited gaming authorized under this part by any licensee [or], permittee, *registrant or certificate holder* shall be deemed a privilege, conditioned upon the proper and continued qualification of the licensee [or], permittee, *registrant or certificate holder* and upon the discharge of the affirmative responsibility of each licensee, *permittee, registrant and certificate holder* to provide the regulatory and investigatory authorities of the Commonwealth with assistance and

information necessary to assure that the policies declared by this part are achieved.

(8) Strictly monitored and enforced control over all limited gaming authorized by this part shall be provided through regulation, licensing and appropriate enforcement actions of specified locations, persons, associations, practices, activities, licensees **[and]**, permittees, **registrants and certificate holders**.

(9) Strict financial monitoring and controls shall be established and enforced by all licensees **[or]**, permittees, **registrants and certificate holders**.

(10) The public interest of the citizens of this Commonwealth and the social effect of gaming shall be taken into consideration in any decision or order made pursuant to this part.

(10.1) The General Assembly has a compelling interest in protecting the integrity of both the electoral process and the legislative process by preventing corruption and the appearance of corruption which may arise through permitting any type of political campaign contributions by certain persons involved in the gaming industry and regulated under this part.

(10.2) Banning all types of political campaign contributions by certain persons subject to this part is necessary to prevent corruption and the appearance of corruption that may arise when political campaign contributions and gaming regulated under this part are intermingled.

(11) It is necessary to maintain the integrity of the regulatory control and legislative oversight over the operation and play of slot machines **[and]**, table games **and interactive gaming** in this Commonwealth; to ensure the bipartisan administration of this part; and avoid actions that may erode public confidence in the system of representative government.

(12) It is the intent of the General Assembly to authorize the operation and play of slot machines **[and]**, table games **and interactive gaming** under a single slot machine license issued to a slot machine licensee **when a slot machine licensee has been issued a table game operation certificate and an interactive gaming certificate** under this part.

(12.1) The continued growth and success of the commercial gaming industry in this Commonwealth is dependent upon a regulatory environment which promotes and fosters technological advances and encourages the development and delivery of innovative gaming products.

(12.2) It is also the intent of the General Assembly to ensure the sustainability and competitiveness of the commercial gaming industry in this Commonwealth by authorizing interactive gaming, the operation of multistate wide-area progressive slot machines, skill and hybrid slot machines.

(12.3) It is also the intent of the General Assembly to authorize the operation and play of interactive gaming in conformance with Federal law, including the Unlawful Internet Gambling Enforcement Act of 2006 (Title VIII of Public Law 109-347, 31 U.S.C. §§ 5361-5367).

(12.4) It is also the intent of the General Assembly to authorize sports wagering when Federal law is enacted or repealed or a Federal court decision is filed that permits a state to regulate sports wagering.

(12.5) It is further the intent of the General Assembly to:

(i) Auction Category 4 locations and the right to apply for Category 4 locations in this Commonwealth to ensure the sustainability and competitiveness of the commercial gaming industry.

(ii) Authorize Category 4 locations in a manner to avoid the cannibalization of existing commercial gaming locations.

(13) The authorization of limited gaming in this Commonwealth requires the Commonwealth to take steps to increase awareness of compulsive and problem gambling and to develop and implement effective strategies for prevention, assessment and treatment of this behavioral disorder.

(14) Research indicates that [for some individuals] compulsive and problem gambling and drug and alcohol addiction are related. Therefore, the General Assembly intends to establish an approach to compulsive and problem gambling prevention, assessment and treatment that will ensure the provision of adequate resources to identify, assess and treat both compulsive and problem gambling and drug and alcohol addiction.

Section 3. The definitions of "associated equipment," "cash equivalent," "cheat," "cheating or thieving device," "commission" or "commissions," "conduct of gaming," "contest," "counterfeit chip," "gaming employee," "gaming school," "gaming service provider," "key employee," "licensed facility," "licensed racing entity," "manufacturer," "manufacturer license," "net terminal revenue," "player," "progressive payout," "progressive system," "Race Horse Industry Reform Act," "slot machine," "State gaming receipts," "supplier," "supplier license," "table game" and "table game device" in section 1103 of Title 4 are amended and the section is amended by adding definitions to read:

§ 1103. 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:

* * *

"Airport authority." Any of the following:

(1) the governing body of a municipal authority organized and incorporated to oversee the operations of a qualified airport under 53 Pa.C.S. Ch. 56 (relating to municipal authorities); or

(2) a city of the first class that regulates the use and control of a qualified airport located partially in a county of the first class and partially in a county contiguous to a county of the first class.

"Airport gaming area." A location or locations within a qualified airport approved by the airport authority and the Pennsylvania Gaming Control Board for the conduct of interactive gaming through the use of multi-use computing devices by eligible passengers.

* * *

"Associated equipment." Any equipment or mechanical, electromechanical or electronic contrivance, component or machine used in connection with slot machines or table games, including linking devices which connect to progressive slot machines *and multistate wide-area progressive slot machines* or slot **[machines, replacement] machine replacement** parts, equipment which affects the proper reporting and counting of gross terminal revenue **[and]**, gross table game revenue *and gross interactive gaming revenue*, computerized systems for controlling and monitoring slot machines **[or]**, table games *or interactive games*, including, but not limited to, the central control computer to which all slot machines communicate **[and]**, devices for weighing or counting money $[.]$ *and interactive gaming devices necessary for the operation of interactive games as approved by the Pennsylvania Gaming Control Board. The term shall not include count room equipment.*

"Auction." *A public meeting of the board to receive and open sealed bids submitted in accordance with section 1305.2 (relating to conduct of auctions).*

"Authorized interactive game." *An interactive game approved by regulation of the Pennsylvania Gaming Control Board to be suitable for interactive gaming offered by an interactive gaming certificate holder or an interactive gaming operator on behalf of an interactive gaming certificate holder in accordance with Chapter 13B (relating to interactive gaming). The term shall include any interactive game approved by regulation of the Pennsylvania Gaming Control Board to be suitable for interactive gaming through the use of a multi-use computing device.*

"Bid." *An offer to pay for the right to select a Category 4 location and apply for a Category 4 slot machine license.*

"Cash equivalent." An asset that is readily convertible to cash, including, but not limited to, any of the following:

- (1) Chips or tokens.
- (2) Travelers checks.
- (3) Foreign currency and coin.
- (4) Certified checks, cashier's checks and money orders.
- (5) Personal checks or drafts.
- (6) A negotiable instrument applied against credit extended by a certificate holder, *an interactive gaming certificate holder, an interactive gaming operator* or a financial institution.

(6.1) A prepaid access instrument.

(7) Any other instrument or representation of value that the Pennsylvania Gaming Control Board deems a cash equivalent.

"Category 4 location." *A specific geographic point established by geographic coordinates in this Commonwealth with a 15-linear mile radius.*

"Cheat." To defraud or steal from any player, slot machine licensee or the Commonwealth while operating or playing a slot machine [or], table game[,] *or authorized interactive game*, including causing, aiding, abetting or conspiring with another person to do so. The term shall also mean to alter or causing, aiding, abetting or conspiring with another person to alter the elements of chance, method of selection or criteria which determine:

(1) The result of a slot machine game [or], table game *or authorized interactive game*.

(2) The amount or frequency of payment in a slot machine game [or], table game *or authorized interactive game*.

(3) The value of a wagering instrument.

(4) The value of a wagering credit.

The term does not include altering a slot machine, table game device or associated equipment *or interactive gaming device or associated equipment* for maintenance or repair with the approval of a slot machine licensee.

"Cheating or thieving device." A device, *software or hardware* used or possessed with the intent to be used to cheat during the operation or play of any slot machine [or], table game *or authorized interactive game*. The term shall also include any device used to alter a slot machine [or], a table game device *or associated equipment, an authorized interactive game or interactive gaming device or associated equipment* without the slot machine licensee's approval.

* * *

["Commission" or "commissions."] "*Commission.*" The State Horse Racing Commission [or the State Harness Racing Commission, or both as the context may require.] *as defined in 3 Pa.C.S. § 9301 (relating to definitions).*

"*Communications technology.*" *Any method used and the components employed to facilitate the transmission and receipt of information, including transmission and reception by systems using wire, wireless, cable, radio, microwave, light, fiber optics, satellite or computer data networks, including the Internet and intranets.*

* * *

"*Concession operator.*" *A person engaged in the sale or offering for sale of consumer goods or services to the public at a qualified airport, or authorized to conduct other commercial activities related to passenger services at a qualified airport, in accordance with the terms and conditions of an agreement or contract with an airport authority, government entity or other person.*

"Conduct of gaming." The licensed placement, operation and play of slot machines [and], table games *and interactive games and casino simulcasting* under this part, as authorized and approved by the Pennsylvania Gaming Control Board. *The term shall include the licensed placement, operation and play of authorized interactive games through the use of multi-use computing devices at a qualified airport under Subchapter B.1 of Chapter 13B (relating to multi-use computing devices).*

"Contest." A *slot machine, table game or authorized interactive game* competition among players for cash, cash equivalents or prizes.

* * *

"Counterfeit chip." Any object *or thing* that is:

(1) used or intended to be used to play a table game at a certificate holder's licensed facility and which was not issued by that certificate holder for such use; [or]

(2) presented to a certificate holder for redemption if the object was not issued by the certificate holder[.];

(3) *used or intended to be used to play an authorized interactive game which was not approved by the interactive gaming certificate holder for such use; or*

(4) *presented during play of an authorized interactive game for redemption, if the object or thing was not issued by the interactive gaming certificate holder or interactive gaming operator.*

"Eligible passenger." An individual 21 years of age or older who has cleared security check points with a valid airline boarding pass for travel from one destination to another by airplane.

"Gaming employee." Any employee of a slot machine licensee, including, but not limited to:

(1) Cashiers.

(2) Change personnel.

(3) Count room personnel.

(4) Slot attendants.

(5) Hosts or other individuals authorized to extend complimentary services, including employees performing functions similar to those performed by a gaming junket representative.

(6) Machine mechanics, computer machine technicians or table game device technicians.

(7) Security personnel.

(8) Surveillance personnel.

(9) Promotional play supervisors, credit supervisors, pit supervisors, cashier supervisors, shift supervisors, table game managers and assistant managers and other supervisors and managers, except for those specifically identified in this part as key employees.

(10) Boxmen.

(11) Dealers or croupiers.

(12) Floormen.

(13) Personnel authorized to issue promotional play.

(14) Personnel authorized to issue credit.

The term shall include employees of a person holding a supplier's license whose duties are directly involved with the repair or distribution of slot machines, table game devices or associated equipment *or interactive gaming devices or associated equipment* sold or provided to a licensed facility within this Commonwealth as determined by the Pennsylvania Gaming Control Board. *The term shall further include employees of a person authorized by the board to supply goods and services related to interactive gaming or any subcontractor or an employee of a subcontractor that supplies interactive gaming devices, including multi-use computing devices, or associated equipment to an interactive gaming certificate holder*

or interactive gaming operator who are directly involved in the operations of interactive gaming. The term does not include bartenders, cocktail servers or other persons engaged solely in preparing or serving food or beverages, clerical or secretarial personnel, parking attendants, janitorial, stage, sound and light technicians and other nongaming personnel as determined by the board.

"Gaming floor." Any portion of a licensed facility where slot machines or table games have been installed for use or play.

* * *

"Gaming-related restricted area." Any room or area of a licensed facility which is specifically designated by the Pennsylvania Gaming Control Board as restricted or by the slot machine licensee as restricted in its board-approved internal controls.

*"Gaming school." Any educational institution approved by the Department of Education as an accredited college or university, community college, Pennsylvania private licensed school or its equivalent and whose curriculum guidelines are approved by the Department of Labor and Industry to provide education and job training related to employment opportunities associated with slot machines [or], table games *or interactive games*, including slot machine, table game device and associated equipment maintenance and repair *and interactive gaming devices and associated equipment maintenance and repair.**

"Gaming service provider." A person that is not required to be licensed as a manufacturer, supplier, management company or gaming junket enterprise under this part and:

(1) provides goods or services, *including, but not limited to, count room equipment*, to a slot machine licensee or an applicant for a slot machine license for use in the operation of a licensed facility; [or] *and*

(2) provides goods or services [at] *to a slot machine licensee or an applicant for a slot machine license that requires access to the gaming floor or a gaming-related restricted area of a licensed facility.*

"Gross interactive airport gaming revenue." The following shall apply:

(1) *Revenue shall be the total of all cash or cash equivalent wagers paid by an eligible passenger to an interactive gaming certificate holder at a qualified airport through the use of multi-use computing devices in consideration for the play of authorized interactive games at a qualified airport through the use of multi-use computing devices, including cash received as entry fees for contests or tournaments, minus:*

(i) *The total of cash or cash equivalents paid out to an eligible passenger as winnings.*

(ii) *The actual cost paid by the interactive gaming certificate holder at a qualified airport through the use of multi-use computing devices for personal property distributed to a player as a result of playing an authorized interactive game. This subparagraph does not include travel expenses, food, refreshments, lodging or services.*

(2) *Amounts deposited with an interactive gaming certificate holder for purposes of interactive gaming at a qualified airport through the use of multi-use computing devices and amounts taken in fraudulent acts perpetrated against an interactive gaming certificate holder for which*

the interactive gaming certificate holder is not reimbursed and shall not be considered to have been paid to the interactive gaming certificate holder for purposes of calculating gross interactive airport gaming revenue.

"Gross interactive gaming revenue." As follows:

(1) The total of all cash or cash equivalent wagers paid by registered players to an interactive gaming certificate holder in consideration for the play of authorized interactive games, including cash received as entry fees for contests or tournaments, minus:

(i) The total of cash or cash equivalents paid out to registered players as winnings.

(ii) The actual cost paid by the interactive gaming certificate holder for any personal property distributed to a player as a result of playing an authorized interactive game. This subparagraph does not include travel expenses, food, refreshments, lodging or services.

(2) Amounts deposited with an interactive gaming certificate holder for purposes of interactive gaming and amounts taken in fraudulent acts perpetrated against an interactive gaming certificate holder for which the interactive gaming certificate holder is not reimbursed shall not be considered to have been paid to the interactive gaming certificate holder for purposes of calculating gross interactive gaming revenue.

** * **

"Hybrid slot machine." A slot machine in which a combination of the skill of the player and elements of chance affect the outcome of the game.

** * **

"Initial auction." An auction at which a Category 1 and Category 2 slot machine licensee may submit a bid.

** * **

"Interactive game." Any gambling game offered through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards or any other instrumentality to transmit electronic information to assist in the placement of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information. The term shall not include:

(1) A lottery game or Internet instant game as defined in the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law.

(2) iLottery under Chapter 5 (relating to lottery).

(3) A nongambling game that does not otherwise require a license under the laws of this Commonwealth.

(4) A fantasy contest under Chapter 3 (relating to fantasy contests).

"Interactive gaming." The placing of wagers with an interactive gaming certificate holder or interactive gaming operator using a computer network of both Federal and non-Federal interoperable packet switched data networks through which an interactive gaming certificate holder may offer authorized interactive games to registered players. The term shall include the placing of wagers through the use of a multi-use computing device.

"Interactive gaming account." The formal, electronic system implemented by an interactive gaming certificate holder to record the balance of a registered player's debits, credits and other financial activity related to interactive gaming.

"Interactive gaming account agreement." An agreement entered into between an interactive gaming certificate holder and a registered player which governs the terms and conditions of the registered player's interactive gaming account and the use of the Internet for purposes of placing wagers on authorized interactive games operated by an interactive gaming certificate holder or interactive gaming operator.

"Interactive gaming agreement." An agreement entered into by or between an interactive gaming certificate holder and an interactive gaming operator related to the offering or operation of interactive gaming or an interactive gaming system by the interactive gaming operator on behalf of the interactive gaming certificate holder. The term shall include an interactive gaming agreement entered into between an interactive gaming certificate holder and an interactive gaming operator for the conduct of interactive gaming through the use of multi-use computing devices at a qualified airport in accordance with Chapter 13B (relating to interactive gaming).

"Interactive gaming certificate." The authorization issued to a slot machine licensee by the Pennsylvania Gaming Control Board authorizing the operation and conduct of interactive gaming by a slot machine licensee in accordance with Chapter 13B (relating to interactive gaming).

"Interactive gaming certificate holder." A slot machine licensee that has been granted authorization by the Pennsylvania Gaming Control Board to operate interactive gaming in accordance with Chapter 13B (relating to interactive gaming).

"Interactive gaming device." All hardware and software and other technology, equipment or device of any kind as determined by the Pennsylvania Gaming Control Board to be necessary for the conduct of authorized interactive games.

"Interactive gaming license." A license issued to an interactive gaming operator by the Pennsylvania Gaming Control Board under Chapter 13B (relating to interactive gaming).

"Interactive gaming operator." A person licensed by the Pennsylvania Gaming Control Board to operate interactive gaming or an interactive gaming system on behalf of an interactive gaming certificate holder. The term shall include a person that has received conditional authorization under section 13B14 (relating to interactive gaming operators) for so long as such authorization is effective.

"Interactive gaming platform." The combination of hardware and software or other technology designed and used to manage, conduct and record interactive games and the wagers associated with interactive games, as approved by the Pennsylvania Gaming Control Board. The term shall include any emerging or new technology deployed to advance the conduct and operation of interactive gaming, as approved through regulation by the Pennsylvania Gaming Control Board.

"Interactive gaming reciprocal agreement." *An agreement negotiated by the Pennsylvania Gaming Control Board and approved by the Governor on behalf of the Commonwealth with the regulatory agency of one or more states or jurisdictions where interactive gaming is legally authorized which will permit the conduct of interactive gaming between interactive gaming certificate holders in this Commonwealth and gaming entities in the states or jurisdictions that are parties to the agreement.*

"Interactive gaming restricted area." *Any room or area, as approved by the Pennsylvania Gaming Control Board, used by an interactive gaming certificate holder or interactive gaming operator to manage, control and operate interactive gaming, including, where approved by the board, redundancy facilities.*

"Interactive gaming skin or skins." *The portal or portals to an interactive gaming platform or interactive gaming website through which authorized interactive games are made available by an interactive gaming certificate holder or interactive gaming operator to registered players in this Commonwealth or registered players in any other state or jurisdiction which has entered into an interactive gaming reciprocal agreement.*

"Interactive gaming system." *All hardware, software and communications that comprise a type of server-based gaming system for the purpose of offering authorized interactive games.*

"Interactive gaming website." *The interactive gaming skin or skins through which an interactive gaming certificate holder or interactive gaming operator makes authorized interactive games available for play.*

* * *

"Key employee." Any individual who is employed in a director or department head capacity and who is empowered to make discretionary decisions that regulate slot machine [or] *operations*, table game operations, *interactive gaming operations or casino simulcasting*, including the general manager and assistant manager of the licensed facility, director of slot operations, director of table game operations, *director of interactive gaming*, director of cage and/or credit operations, director of surveillance, director of marketing, director of management information systems, *director of interactive gaming system programs or other similar job classifications associated with interactive gaming and casino simulcasting*, persons who *manage, control or administer interactive gaming and casino simulcasting or the bets and wagers associated with authorized interactive games and casino simulcasting*, director of security, comptroller and any employee who is not otherwise designated as a gaming employee and who supervises the operations of these departments or to whom these department directors or department heads report and such other positions not otherwise designated or defined under this part which the Pennsylvania Gaming Control Board shall determine based on detailed analyses of job descriptions as provided in the internal controls of the licensee as approved by the Pennsylvania Gaming Control Board. All other gaming employees unless otherwise designated by the Pennsylvania Gaming Control Board shall be classified as non-key employees.

* * *

"Licensed facility." *As follows:*

(1) The physical land-based location at which a licensed gaming entity is authorized to place and operate slot machines and, if authorized by the Pennsylvania Gaming Control Board under Chapter 13A (relating to table games), to conduct table games *and if authorized under Chapter 13B (relating to interactive gaming), to conduct interactive gaming*. The term includes any:

[(1)] (i) area of a licensed racetrack at which a slot machine licensee was previously authorized pursuant to section 1207(17) (relating to regulatory authority of board) to operate slot machines prior to the effective date of this paragraph;

[(2)] (ii) board-approved interim facility or temporary facility; [and]

[(3)] (iii) area of a hotel which the Pennsylvania Gaming Control Board determines is suitable to conduct table games[.]; *and*

(iv) *area of a licensed facility where casino simulcasting is conducted, as approved by the Pennsylvania Gaming Control Board.*

(2) *The term shall not include a redundancy facility or an interactive gaming restricted area which is not located on the premises of a licensed facility as approved by the Pennsylvania Gaming Control Board and which is maintained and operated by an interactive gaming certificate holder in connection with interactive gaming or casino simulcasting.*

* * *

"Licensed racing entity." Any legal entity that has obtained a license to conduct live thoroughbred or harness horse race meetings respectively with pari-mutuel wagering from [either] the State Horse Racing Commission [or the State Harness Racing Commission] pursuant to [the act of December 17, 1981 (P.L.435, No.135), known as] the Race Horse Industry Reform Act.

"Manufacturer." A person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs or otherwise makes modifications to any slot machine, table game device or associated equipment *or authorized interactive games* for use or play of slot machines [or], table games *or authorized interactive games* in this Commonwealth for gaming purposes. *The term shall not include a person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs or otherwise makes modifications to multi-use computing devices used in connection with the conduct of interactive gaming at a qualified airport.*

"Manufacturer license." A license issued by the Pennsylvania Gaming Control Board authorizing a manufacturer to manufacture or produce slot machines, table game devices or associated equipment, *interactive gaming devices or associated equipment* for use in this Commonwealth for gaming purposes.

* * *

"Multi-use computing device." As follows:

(1) *A computing device, including, but not limited to, a tablet computer, that:*

(i) Is located and accessible to eligible passengers only in an airport gaming area.

(ii) Allows an eligible passenger to play an authorized interactive game.

(iii) Communicates with a server that is in a location approved by the Pennsylvania Gaming Control Board.

(iv) Is approved by the Pennsylvania Gaming Control Board.

(v) Has the capability of being linked to and monitored by the department's central control computer system, as applicable for any particular interactive game, in accordance with section 1323 (relating to central control computer system).

(vi) Offers a player additional functions which shall include Internet browsing, the capability of checking flight status and ordering food or beverages.

(2) The term shall not include any tablet or computing device that restricts, prohibits or is incapable of providing access to interactive gaming, interactive gaming skin or skins or interactive gaming platforms.

"Multistate agreement." The written agreement, approved by the Governor, between the Pennsylvania Gaming Control Board and regulatory agencies in other states or jurisdictions for the operation of a multistate wide-area progressive slot machine system.

"Multistate wide-area progressive slot machine system." The linking of slot machines located in this Commonwealth with slot machines located in one or more states or jurisdictions whose regulatory agencies have entered into written agreements with the Pennsylvania Gaming Control Board for the operation of the system.

"Net terminal revenue." The net amount of the gross terminal revenue less the tax and assessments imposed by sections 1402 (relating to gross terminal revenue deductions), 1403 (relating to establishment of State Gaming Fund and net slot machine revenue distribution), 1405 (relating to Pennsylvania Race Horse Development Trust Fund) and 1407 (relating to Pennsylvania Gaming Economic Development and Tourism Fund).

"Nongaming service provider." A person that is not a gaming service provider or required to be licensed as a manufacturer, supplier, management company or gaming junket enterprise under this part and that provides goods or services:

(1) to a slot machine licensee or applicant for a slot machine license for use in the operation of a licensed facility; and

(2) that does not require access to the gaming floor or a gaming-related restricted area.

"Non-peer-to-peer interactive game." An authorized interactive game in which the player does not compete against players and which is not a peer-to-peer interactive game.

"Peer-to-peer interactive game." *An authorized interactive game which is nonbanking, in which a player competes against one or more players and in which the interactive gaming certificate holder collects a rake.*

* * *

"Player." An individual wagering cash, a cash equivalent or other thing of value in the play or operation of a slot machine [or], **an authorized interactive game or a table game**, including during a contest or tournament, the play or operation of which may deliver or entitle the individual playing or operating the slot machine [or], **authorized interactive game or table game** to receive cash, a cash equivalent or other thing of value from another player or a slot machine licensee.

"Prepaid access instrument." *A card, code, electronic serial number, mobile identification number, personal identification number or similar device that:*

(1) *Allows patron access to funds that have been paid in advance and can be retrieved or transferred through the use of the device.*

(2) *Qualifies as an access device for purposes of Regulation E issued by the Board of Governors of the Federal Reserve System under 12 CFR Pt. 205 (relating to electronic fund transfers (Regulation E));*

(3) *Must be distributed by a slot machine licensee or its affiliates in order to be considered a cash equivalent at the slot machine licensee's licensed facility or the location of the slot machine licensee's affiliates.*

(4) *Must be used in conjunction with an approved cashless wagering system or electronic credit system in order to transfer funds for gaming purposes.*

* * *

"Progressive payout." A slot machine wager payout that increases in a monetary amount based on the amounts wagered in a progressive system, **including a multistate wide-area progressive slot machine system.**

"Progressive system." A computerized system linking slot machines in one or more licensed facilities within this Commonwealth and offering one or more common progressive payouts based on the amounts wagered. **The term shall include a multistate wide-area progressive system.**

* * *

"Qualified airport." *A publicly owned commercial service airport.*

"Qualified entity." *An entity which is not a Category 1, Category 2 or Category 3 slot machine licensee who may participate in an auction under section 1305.2(b.1) (relating to conduct of auctions) and who has satisfied the requirements of this part and any criteria established by the Pennsylvania Gaming Control Board for licensure, including but not limited to, financial and character suitability requirements, and has been approved by the board.*

"Race Horse Industry Reform Act." [The act of December 17, 1981 (P.L.435, No.135), known as the Race Horse Industry Reform Act.] **3 Pa.C.S. Ch. 93 (relating to race horse industry reform).**

* * *

"Redundancy facilities." *Any and all rooms or areas used by a slot machine licensee for emergency backup, redundancy or secondary*

operations attendant to interactive gaming as approved by the Pennsylvania Gaming Control Board.

"Registered player." An individual who has entered into an interactive gaming account agreement with an interactive gaming certificate holder.

* * *

"Skill." The knowledge, dexterity, adroitness, acumen or other mental skill of an individual.

"Skill slot machine." A slot machine in which the skill of the player, rather than the element of chance, is the predominant factor in affecting the outcome of the game.

"Slot machine."

(1) The term includes:

(i) Any mechanical, electrical or computerized contrivance, terminal, machine or other device approved by the Pennsylvania Gaming Control Board which, upon insertion of a coin, bill, ticket, token or similar object therein or upon payment of any consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may]:

(A) May deliver or entitle the person or persons playing or operating the contrivance, terminal, machine or other device to receive cash, billets, tickets, tokens or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. [A slot machine:

(1)] (B) May utilize spinning reels or video displays or both.

[(2)] (C) May or may not dispense coins, tickets or tokens to winning patrons.

[(3)] (D) May use an electronic credit system for receiving wagers and making payouts. [The term shall include associated equipment]

(ii) Associated equipment necessary to conduct the operation of the contrivance, terminal, machine or other device.

(iii) A skill slot machine, hybrid slot machine and the devices or associated equipment necessary to conduct the operation of a skill slot machine or hybrid slot machine.

(iv) A slot machine used in a multistate wide-area progressive slot machine system and devices and associated equipment as defined by the Pennsylvania Gaming Control Board through regulations.

(v) A multi-use computing device which is capable of simulating, either digitally or electronically, a slot machine.

(2) The term does not include a fantasy contest terminal within the meaning of Chapter 3.

* * *

"State gaming receipts." Revenues and receipts required by this part to be paid into the State Gaming Fund, the Pennsylvania Race Horse Development Trust Fund and the Pennsylvania Gaming Economic Development and

Tourism Fund, and all rights, existing on the effective date of this section or coming into existence later, to receive any of those revenues and receipts.

* * *

"Subsequent auction." An auction at which a Category 1, Category 2 and Category 3 slot machine licensee may submit a bid for a Category 4 license that remains available after an initial auction.

* * *

"Supplier." A person that sells, leases, offers or otherwise provides, distributes or services any slot machine, table game device or associated equipment, or interactive gaming device or associated equipment for use or play of slot machines [or], table games or interactive games in this Commonwealth. The term shall include a person that sells, leases, offers or otherwise provides, distributes or services any multi-use computing device as approved by the Pennsylvania Gaming Control Board.

"Supplier license." A license issued by the Pennsylvania Gaming Control Board authorizing a supplier to provide products or services related to slot machines, table game devices or associated equipment, interactive gaming devices, including any multi-use computing device or associated equipment, to slot machine licensees for use in this Commonwealth for gaming purposes.

* * *

"Table game." Any banking or nonbanking game approved by the Pennsylvania Gaming Control Board. The term includes roulette, baccarat, blackjack, poker, craps, big six wheel, mini-baccarat, red dog, pai gow, twenty-one, casino war, acey-ducey, sic bo, chuck-a-luck, Panguingue, Fan-tan, Asia poker, Boston 5 stud poker, Caribbean stud poker, Colorado hold'em poker, double attack blackjack, double cross poker, double down stud poker, fast action hold'em, flop poker, four card poker, let it ride poker, mini-craps, mini-dice, pai gow poker, pokette, Spanish 21, Texas hold'em bonus poker, three card poker, two card joker poker, ultimate Texas hold'em, winner's pot poker and any other banking or nonbanking game. The term shall not include:

(1) Lottery games of the Pennsylvania State Lottery as authorized under the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law.

(2) Bingo as authorized under the act of July 10, 1981 (P.L.214, No.67), known as the Bingo Law.

(3) Pari-mutuel betting on the outcome of **[thoroughbred or harness] horse [racing] race meetings** as authorized under **[the act of December 17, 1981 (P.L.435, No.135), known as]** the Race Horse Industry Reform Act.

(4) Small games of chance as authorized under the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act.

(5) Slot machine gaming and progressive slot machine gaming as defined and authorized under this part.

(6) Keno.

(7) ***A fantasy contest terminal within the meaning of Chapter 3 (relating to fantasy contests).***

(8) iLottery under Chapter 5 (relating to lottery).

"Table game device." Includes gaming tables, cards, dice, chips, shufflers, tiles, dominoes, wheels[, **drop boxes**] or any mechanical, electrical or computerized contrivance, terminal, machine or other device, apparatus, equipment or supplies approved by the Pennsylvania Gaming Control Board and used to conduct a table game *or that is capable, through the use of digital, electronic or other communications technology, of simulating play of a table game.*

* * *

"Winning bid." The single highest bid received at an auction.

"Winning bidder." The slot machine licensee or qualified entity with the winning bid.

Section 4. Section 1201(h)(11) of Title 4 is amended to read:

§ 1201. Pennsylvania Gaming Control Board established.

* * *

(h) Qualifications and restrictions.—

* * *

(11) No member, employee of the board or independent contractor shall accept a complimentary service, wager or be paid any prize from any wager at any licensed facility within this Commonwealth [or], at any other facility outside this Commonwealth which is owned or operated by a licensed gaming entity or any of its affiliates, intermediaries, subsidiaries or holding companies *or as a result of playing an interactive game including on a multi-use computing device* for the duration of their term of office, employment or contract with the board and for a period of two years from the termination of term of office, employment or contract with the board. The provisions of this paragraph prohibiting wagering during the term of employment shall not apply to employees or independent contractors while utilizing slot machines [or], table game devices, *interactive gaming devices or multi-use computing devices* for testing purposes or while verifying the performance of a slot machine [or], table game, *interactive gaming device or multi-use computing device* as part of an enforcement investigation.

* * *

Section 5. Section 1202(a)(1) and (b)(17), (18), (20) and (23) of Title 4 are amended and subsection (b) is amended by adding paragraphs to read:
§ 1202. General and specific powers.

(a) General powers.—

(1) The board shall have general and sole regulatory authority over the conduct of gaming [or] *and* related activities as described in this part. The board shall ensure the integrity of the acquisition and operation of slot machines, table games, table game devices and associated equipment *and authorized interactive games and interactive gaming devices and associated equipment* and shall have sole regulatory authority over every aspect of the authorization, operation and play of slot machines [and], table games *and interactive gaming devices and associated equipment.*

* * *

(b) Specific powers.—The board shall have the specific power and duty:

* * *

(12.2) At its discretion, to award, revoke, suspend, condition or deny an interactive gaming certificate or an interactive gaming license in accordance with Chapter 13B (relating to interactive gaming).

(12.3) At its discretion, to award, revoke, suspend, condition or deny a casino simulcasting permit in accordance with Chapter 13F (relating to casino simulcasting).

(12.4) At its discretion, to award, revoke, suspend, condition or deny a sports wagering certificate in accordance with Chapter 13C (relating to sports wagering).

* * *

(17) To require prospective and existing employees, independent contractors, applicants, licensees and permittees to submit to fingerprinting by the Pennsylvania State Police *or an authorized agent of the Pennsylvania State Police*. The Pennsylvania State Police *or an authorized agent of the Pennsylvania State Police* shall submit the fingerprints to the Federal Bureau of Investigation for purposes of verifying the identity of the individual and obtaining records of criminal arrests and convictions.

(18) To require prospective and existing employees, independent contractors, applicants, licensees and permittees to submit photographs consistent with the standards [of the Commonwealth Photo Imaging Network] *established by the board*.

* * *

(20) In addition to the power of the board regarding license and permit applicants, to determine at its discretion the suitability of any person who furnishes or seeks to furnish to a slot machine licensee directly or indirectly any goods, services or property related to slot machines, table games, table game devices or associated equipment, *interactive games and interactive gaming devices and associated equipment, casino simulcasting technology and equipment or sports wagering and sports wagering devices* or through any arrangements under which that person receives payment based directly or indirectly on earnings, profits or receipts from the slot machines, table games, table game devices and associated equipment[.], *interactive games, interactive gaming devices and associated equipment, casino simulcasting technology and equipment or sports wagering and sports wagering devices*. The board may require any such person to comply with the requirements of this part and the regulations of the board and may prohibit the person from furnishing the goods, services or property[.] *except that, in determining the suitability of a person who furnishes or seeks to furnish casino simulcasting technology and equipment, the board shall consult the commission.*

* * *

(23) The board shall not approve an application for or issue or renew a license, certificate, registration or permit unless it is satisfied that the applicant has demonstrated by clear and convincing evidence that the applicant is a person of good character, honesty and integrity and is a person whose prior activities, criminal record, if any, reputation, habits

and associations do not pose a threat to the public interest or the effective regulation and control of slot machine [or] *operations*, table game operations, *interactive gaming operations*, *casino simulcasting or sports wagering*, or create or enhance the danger of unsuitable, unfair or illegal practices, methods and activities in the conduct of slot machine [or] *operations*, table game operations, *interactive gaming operations*, *casino simulcasting or sports wagering* or the carrying on of the business and financial arrangements incidental thereto.

* * *

(27.2) Within six months of the effective date of this section, to publish on the board's publicly accessible Internet website a complete list of all slot machine licensees who filed a petition seeking authorization to conduct interactive gaming and the status of each petition or interactive gaming certificate.

* * *

(35) To review detailed site plans identifying the interactive gaming restricted area or room where a slot machine licensee proposes to manage, administer or control interactive gaming operations to determine the adequacy of the proposed internal and external security and proposed surveillance measures.

(36) To require each slot machine licensee that holds an interactive gaming certificate to provide on a quarterly basis the following information with respect to interactive gaming:

(i) the name of any person, entity or firm to whom any payment, remuneration or other benefit or thing of value has been made or conferred for professional services, including, but not limited to, interactive gaming system operations or management, legal, consulting and lobbying services;

(ii) the amount or value of the payments, remuneration, benefit or thing of value;

(iii) the date on which the payments, remuneration, benefit or thing of value was submitted; and

(iv) the reason or purpose for the procurement of the services.

(37) To review and approve detailed site and architectural plans identifying the area of a licensed facility where a slot machine licensee proposes to place slot machines that are or will be used in a multistate wide-area progressive slot machine system, skill slot machines or hybrid slot machines or administer casino simulcasting and make them available for play in order to determine the adequacy of proposed internal and external controls, security and proposed surveillance measures.

(38) To conduct auctions under section 1305.2 (relating to conduct of auctions).

Section 6. Sections 1204 and 1206(f)(1) of Title 4 are amended to read:
§ 1204. Licensed gaming entity application appeals from board.

The Supreme Court of Pennsylvania shall be vested with exclusive appellate jurisdiction to consider appeals of any final order, determination or decision of the board involving the approval, issuance, denial or conditioning of a slot machine license [or], the award, denial or conditioning of a table

game operation certificate[.] *or the award, denial or conditioning of an interactive gaming certificate, an interactive gaming license, a casino simulcasting permit or a sports wagering certificate.* Notwithstanding the provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action) and 42 Pa.C.S. § 763 (relating to direct appeals from government agencies), the Supreme Court shall affirm all final orders, determinations or decisions of the board involving the approval, issuance, denial or conditioning of a slot machine license [or], the award, denial or conditioning of a table game operation certificate *or the award, denial or conditioning of an interactive gaming certificate, an interactive gaming license, a casino simulcasting permit or a sports wagering certificate,* unless it shall find that the board committed an error of law or that the order, determination or decision of the board was arbitrary and there was a capricious disregard of the evidence.

§ 1206. Board minutes and records.

* * *

(f) Confidentiality of information.—

(1) The following information submitted by an applicant, permittee, *certificate holder, interactive gaming certificate holder* or licensee pursuant to section 1310(a) (relating to slot machine license application character requirements) [or], 1308(a.1) (relating to applications for license or permit), *13B12 (relating to interactive gaming certificate required and content of petition), 13B14 (relating to interactive gaming operators), 13C12 (relating to petition requirements) or 13F12 (relating to casino simulcasting permit)* or obtained by the board or the bureau as part of a background or other investigation from any source shall be confidential and withheld from public disclosure:

(i) All information relating to character, honesty and integrity, including family, habits, reputation, history of criminal activity, business activities, financial affairs and business, professional and personal associations submitted under section 1310(a) or 1308(a.1) or otherwise obtained by the board or the bureau.

(ii) Nonpublic personal information, including home addresses, telephone numbers and other personal contact information, Social Security numbers, educational records, memberships, medical records, tax returns and declarations, actual or proposed compensation, financial account records, creditworthiness or financial condition relating to an applicant, licensee [or], permittee, *certificate holder, interactive gaming certificate holder, interactive gaming operator, casino simulcasting permit holder or sports wagering certificate holder,* or the immediate family thereof.

(iii) Information relating to proprietary information, trade secrets, patents or exclusive licenses, architectural and engineering plans and information relating to competitive marketing materials and strategies, which may include customer-identifying information or customer prospects for services subject to competition.

(iv) Security information, including risk prevention plans, detection and countermeasures, location of count rooms, *location of interactive gaming restricted areas and redundancy facilities,*

emergency management plans, security and surveillance plans, equipment and usage protocols and theft and fraud prevention plans and countermeasures.

(v) Information with respect to which there is a reasonable possibility that public release or inspection of the information would constitute an unwarranted invasion into personal privacy of any individual as determined by the board.

(vi) Records of an applicant or licensee not required to be filed with the Securities and Exchange Commission by issuers that either have securities registered under section 12 of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 781) or are required to file reports under section 15(d) of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78o).

(vii) Records considered nonpublic matters or information by the Securities and Exchange Commission as provided by 17 CFR 200.80 (relating to commission records and information).

(viii) Any financial information deemed confidential by the board upon a showing of good cause by the applicant or licensee.

* * *

Section 7. Section 1207(1), (5), (6), (8), (9), (10) and (21) of Title 4 are amended and the section is amended by adding paragraphs to read:

§ 1207. Regulatory authority of board.

The board shall have the power and its duties shall be to:

(1) Deny, deny the renewal, revoke, condition or suspend any license [or], permit, *certificate, registration or other authorization* provided for in this part if the board finds in its sole discretion that a licensee [or], permittee, *registrant, certificate holder, or interactive gaming certificate holder*, under this part, or its officers, employees or agents, have furnished false or misleading information to the board or failed to comply with the provisions of this part or the rules and regulations of the board and that it would be in the public interest to deny, deny the renewal, revoke, condition or suspend the license [or], permit, *certificate, registration or other authorization*.

* * *

(5) Prescribe the procedures to be followed by slot machine licensees for any financial event that occurs in the operation and play of slot machines [or], table games, *authorized interactive games, casino simulcasting, multi-use computing devices or sports wagering*.

(6) Prescribe criteria and conditions for the operation of slot machine progressive systems, *including multistate wide-area progressive slot machine systems*. A wide area progressive slot system shall be collectively administered by participating slot machine licensees in accordance with the terms of a written agreement executed by each participating slot machine licensee and, *in the case of a multistate wide-area progressive slot machine system, in accordance with the multistate agreement, as approved by the board*.

(6.1) Collaborate with the appropriate regulatory agencies in other states or jurisdictions to facilitate the establishment of multistate wide-area progressive slot machine systems by slot machine licensees in this

Commonwealth and, if determined necessary, enter into the multistate agreements.

** * **

(7.2) Enforce prescribed hours for the operation of authorized interactive games so that an interactive gaming certificate holder or interactive gaming operator may conduct authorized interactive games on any day during the year in order to meet the needs of registered players or to meet competition.

(7.3) In consultation with the commission, enforce prescribed hours of operation of casino simulcasting by slot machine licensees.

(8) Require that each licensed gaming entity prohibit persons under 21 years of age from operating or using slot machines [or], playing table games or participating in interactive gaming, casino simulcasting and sports wagering.

(9) Establish procedures for the inspection and certification of compliance of each slot machine, table game, table game device and associated equipment, interactive game and interactive gaming device and associated equipment, casino simulcasting technology and equipment and sports wagering and sports wagering devices prior to being placed into use by a slot machine licensee. The board shall collaborate with the commission to facilitate the inspection and certification of casino simulcasting technology and equipment.

(10) [Require] Subject to paragraph (10.1), require that no slot machine or authorized interactive game that replicates the play of a slot machine, other than a slot machine or authorized interactive game that replicates the play of a slot machine that is used in a multistate wide-area progressive slot machine system, may be set to pay out less than the theoretical payout percentage, which shall be no less than 85%, as specifically approved by the board. The board shall adopt regulations that define the theoretical payout percentage [of a slot machine game] based on the total value of the jackpots expected to be paid by a play or a slot machine game or an authorized interactive game that replicates the play of a slot machine divided by the total value of [slot machine] wagers expected to be made on that play or slot machine game or an authorized interactive game that replicates the play of a slot machine during the same portion of the game cycle. In so doing, the board shall decide whether the calculation shall include the entire cycle of a slot machine game or an authorized interactive game that replicates the play of a slot machine or any portion thereof. Subject to paragraph (10.1), in the case of a slot machine that is used in a multistate wide-area progressive slot machine system, the theoretical payout percentage shall be as set forth in the multistate agreement.

(10.1) For each of the following, define the player's win percentage based on the relative skill of the player or the combination of skill and the elements of chance of the game:

(i) A skill slot machine or an authorized interactive game that replicates the play of a skill slot machine. For a skill slot machine or authorized interactive game that replicates the play of a skill slot machine that is used in a multistate wide-area progressive slot

machine system, the player's win percentage shall be as set forth in the multistate agreement.

(ii) A hybrid slot machine or an authorized interactive game that replicates the play of a hybrid slot machine. For a hybrid slot machine or an authorized interactive game that replicates the play of a hybrid slot machine that is used in a multistate wide-area progressive slot machine system, the player's win percentage shall be set forth in the multistate agreement.

* * *

(21) Authorize, in its discretion, a slot machine licensee to conduct slot machine *contests or tournaments, table game contests or tournaments in accordance with section 13A22.1 (relating to table game tournaments) or interactive gaming contests or tournaments* and adopt regulations governing the conduct of such *contests and tournaments*.

(21.1) Authorize, at its discretion, a slot machine licensee to place slot machines that are used in a multistate wide-area progressive slot machine system, skill slot machines or hybrid slot machines and make them available for play at licensed facilities.

(21.2) Adopt and promulgate regulations to govern the operation and placement of skill slot machines and hybrid slot machines by slot machine licensees at licensed facilities in the same manner as provided in section 13B03 (relating to regulations).

(22) License, regulate, investigate and take any other action determined necessary regarding all aspects of interactive gaming, casino simulcasting and sports wagering.

(23) Define and limit the rules of authorized interactive games, including odds, interactive gaming devices and associated equipment permitted and the method of operation of authorized interactive games and interactive gaming devices and associated equipment.

(24) Require, as applicable, that all wagering offered through an interactive gaming website display the permissible minimum and maximum wagers associated with each authorized interactive game.

(25) Ensure, in consultation with the commission, that the wagering at casino simulcasting facilities is conducted in conformance with the pari-mutuel system of wagering regulated by the commission under 3 Pa.C.S. Ch. 93 (relating to race horse industry reform).

(26) Negotiate and enter into interactive gaming reciprocal agreements on behalf of the Commonwealth to govern the conduct of interactive gaming between interactive gaming certificate holders in this Commonwealth and gaming entities in other states or jurisdictions. Notwithstanding any provision of this part, wagers may be accepted in accordance with this part and regulations of the board from persons in other states or jurisdictions and wagers from persons in this Commonwealth may be made through an interactive gaming platform to a state or jurisdiction with which the Commonwealth has an interactive gaming reciprocal agreement if the board determines that such wagering is not inconsistent with Federal law or the law of the state or jurisdiction in which the person or gaming entity is located, or such wagering is conducted pursuant to an interactive gaming

reciprocal agreement to which this Commonwealth is a party that is not inconsistent with Federal law. The board, with the approval of the Governor, is hereby designated as the agency of the Commonwealth with the power and authority to enter into interactive gaming reciprocal agreements with other states or jurisdictions.

(27) Enter into multistate agreements with other states or jurisdictions for the operation of multistate wide-area progressive slot machine systems.

(28) Authorize a Category 2 or Category 3 slot machine licensee to enter into an agreement with a Category 1 slot machine licensee for the conduct of casino simulcasting under the Category 1 slot machine licensee's authority as a licensed racing entity, if such agreement is approved by the board and by the commission, pursuant to the commission's authority under 3 Pa.C.S. Ch. 93.

(29) Adopt, in consultation with the commission, regulations to govern the conduct of casino simulcasting by a Category 2 or Category 3 slot machine licensee in accordance with paragraph (28).

(30) Adopt and promulgate regulations to govern the installation of video display technology in approved areas of a Category 1 licensed facility to enable the delivery of simulcast horse race meetings to patrons through video walls and other such video display technology. The board may consult with the commission to facilitate the installation of video display monitors in accordance with this paragraph and to facilitate the conduct of casino simulcasting under paragraph (28).

Section 7.1. Section 1208 of Title 4 is amended by adding a paragraph to read:

§ 1208. Collection of fees and fines.

The board has the following powers and duties:

* * *

(1.1) To collect the proceeds of auctions under section 1305.2 (relating to conduct of auctions).

* * *

Section 8. Sections 1209(a) and (b) and 1210 of Title 4 are amended to read:

§ 1209. Slot machine license fee.

(a) Imposition.—Except as provided for a Category 3 licensed gaming entity under section 1305 (relating to Category 3 slot machine license) *or a Category 4 slot machine licensee under section 1305.1 (relating to Category 4 slot machine license)* and subject to the requirements of this section, at the time of license issuance the board shall impose a one-time slot machine license fee to be paid by each successful applicant for a conditional Category 1, a Category 1 or a Category 2 license in the amount of \$50,000,000 and deposited in the State Gaming Fund. No fee shall be imposed by the board for a Category 1 license if the applicant has paid a \$50,000,000 fee for a conditional Category 1 license.

(b) Term.—A slot machine license, after payment of the fee, shall be in effect unless suspended, revoked or not renewed by the board upon good cause consistent with the license requirements as provided for in this part. Slot machine licensees shall be required to update the information in their

initial applications annually, and the license of a licensee in good standing shall be renewed every **[three] five** years. Nothing in this subsection shall relieve a licensee of the affirmative duty to notify the board of any changes relating to the status of its license or to any other information contained in the application materials on file with the board. As to the renewal of a license, except as required in subsection (f)(3), no additional license fee pursuant to subsection (a) shall be required.

* * *

§ 1210. Number of slot machines.

(a) Initial complement.—Except as provided for Category 3 slot machine licensees under section 1305 (relating to Category 3 slot machine license) *or a Category 4 slot machine licensee under section 1305.1 (relating to Category 4 slot machine license)*, the following apply:

(1) All slot machine licensees shall be permitted to operate up to 3,000 slot machines at any one licensed facility.

(2) Each slot machine licensee shall be required to operate and make available to play a minimum of 1,500 slot machines at its licensed facility within one year of the issuance by the board of a slot machine license to the slot machine licensee. The board, upon application and for good cause shown, may grant an extension for an additional period ending on the later of 36 months from the end of the initial one-year period or December 31, 2012.

(3) A Category 1 or Category 2 slot machine licensee that is also a Category 4 slot machine licensee may, upon notification and receipt of approval from the board, install and operate slot machines from the initial complement authorized under paragraph (1) subject to the limitation under section 1305.1(d)(1) at the licensee's Category 4 licensed facility.

(b) Additional slot machines.—Except as provided for Category 3 slot machine licensees under section 1305, six months following the date of commencement of slot machine operations, the board may permit a slot machine licensee to install and operate up to 2,000 additional slot machines at its licensed facility, beyond those machines permitted under subsection (a), upon application by the slot machine licensee. The board, in considering such an application, shall take into account the appropriateness of the physical space where the additional slot machines will be located and the convenience of the public attending the facility. The board may also take into account the potential benefit to economic development, employment and tourism, enhanced revenues to the Commonwealth and other economic indicators it deems applicable in making its decision. *Subject to the limitation under section 1305.1(d), slot machines approved under this subsection may be installed and operated at a Category 4 licensed facility.*

Section 9. Section 1211 of Title 4 is amended by adding subsections to read:

§ 1211. Reports of board.

* * *

(a.4) Interactive gaming reporting requirements.—

(1) The annual report submitted by the board in accordance with subsection (a) shall include information on the conduct of interactive games as follows:

(i) Total gross interactive gaming revenue.

(ii) The number and win by type of authorized interactive game at each licensed facility conducting interactive gaming during the previous year.

(iii) All taxes, fees, fines and other revenue collected and, where appropriate, revenue disbursed during the previous year related to interactive gaming activities. The department shall collaborate with the board to carry out the requirements of this subparagraph.

(2) The board may require interactive gaming certificate holders and interactive gaming operators to provide information to the board to assist in the preparation of the report.

** * **

(d.1) Impact of interactive gaming.—

(1) Commencing one year after the issuance of the first interactive gaming certificate and continuing annually thereafter, the Department of Drug and Alcohol Programs or successor agency shall prepare and distribute a report to the Governor and the standing committees of the General Assembly with jurisdiction over the board on the impact of interactive gaming on compulsive and problem gambling and gambling addiction in this Commonwealth. The report shall be prepared by a private organization or entity with expertise in serving and treating the needs of persons with compulsive gambling addictions, which organization or entity shall be selected by the Department of Drug and Alcohol Programs or successor agency. The report may be prepared and distributed in coordination with the board. Any costs associated with the preparation and distribution of the report shall be borne by all interactive gaming certificate holders. The board shall be authorized to assess a fee against each interactive gaming certificate holder for these purposes.

(2) Commencing one year after the issuance of the first interactive gaming certificate and continuing annually thereafter, the board shall prepare and distribute a report to the Governor and the standing committees of the General Assembly with the jurisdiction over the board on the impact of interactive gaming on licensed gaming entities in this Commonwealth.

(d.2) Additional information for annual report.—

(1) One year after the commencement of casino simulcasting in accordance with Chapter 13F (relating to casino simulcasting), the operation of skill slot machines, hybrid slot machines and the operation of a multistate wide-area slot machine system, the report required under subsection (a) shall include information related to the following:

(i) The conduct of casino simulcasting.

(ii) The operation of skill slot machines and hybrid slot machines.

(iii) The operation of the multistate wide-area progressive slot machine system.

(2) Information on revenue, taxes, fees and fines, if any, collected during the preceding calendar year and any other information, data or recommendations related to the conduct of casino simulcasting and the operation of the multistate wide-area progressive slot machine system, skill slot machines and hybrid slot machines as determined by the board.

(d.3) Study.—The board shall study and annually report to the standing committees of the General Assembly with jurisdiction over the board on developments in gaming technology and the impact, if any, new technologies and expansion of gaming are having or are expected to have on the sustainability and competitiveness of the gaming industry in this Commonwealth. The initial report shall be due one year after the effective date of this subsection. Each report shall specifically address the following:

(1) Awareness and growth, to the extent known, of any unregulated commercial gaming products, such as e-Sports and other such digital-based computer or video technology.

(2) New gaming products, if any, which have been introduced in other states or jurisdictions.

(3) Any gaming products which the board may authorize pursuant to its regulatory authority under this part.

(4) Any legislative or administrative concerns regarding traditional, new or emerging gaming technologies with recommendations regarding resolution of such concerns.

(5) Any cannibalization from Category 4 slot machine licensees on Category 1, Category 2 or Category 3 slot machine licensees.

Section 10. Section 1212(e) of Title 4 is amended by adding paragraphs to read:

§ 1212. Diversity goals of board.

(e) Definition.—As used in this section, the term "professional services" means those services rendered to a slot machine licensee which relate to a licensed facility in this Commonwealth, including, but not limited to:

(9) Technology related to interactive gaming and interactive gaming devices and associated equipment.

(10) Technology related to casino simulcasting.

(11) Technology related to sports wagering.

Section 11. Sections 1301 and 1302(a)(4) of Title 4 are amended to read:
§ 1301. Authorized slot machine licenses.

[There] Except as provided under section 1305.1 (relating to Category 4 slot machine license), there shall be three distinct classifications of slot machine licenses, designated by category, each permitting a licensed racing entity or person to apply for a qualifying license category and, upon issuance by the board in its discretion, to place and operate slot machines at a licensed facility. Except for conditional Category 1 license applications pursuant to section 1315 (relating to conditional Category 1 licenses), it is mandatory that the board shall consider, approve, condition or deny the approval of all

initial applications for each and every category of slot machine licenses collectively and together, in a comprehensive Statewide manner, within 12 months following the time set by the board at which all applications are to be filed and deemed complete by the board. The board shall approve, condition or deny the issuance of a slot machine license of any category within the time period provided for herein. Following approval of an application for a slot machine license, the applicant shall provide formal notification to the board as soon as:

- (1) it fulfills all required conditions for issuance of the license; and
- (2) the board's decision approving the application is a final, binding, nonappealable determination which is not subject to a pending legal challenge.

Upon receipt of such formal notification and upon conducting any necessary verification, the board shall issue a slot machine license to the applicant.

§ 1302. Category 1 slot machine license.

(a) Eligibility.—A person may be eligible to apply for a Category 1 license to place and operate slot machines at a licensed racetrack facility if the person:

* * *

- (4) is a successor in interest to persons eligible under paragraph (1), (2) or (3) who comply with the requirements of section 1328 (relating to change in ownership or control of slot machine licensee) **[or is a successor in interest to persons otherwise eligible under paragraph (1), (2) or (3) but precluded from eligibility under the provisions of section 1330].**

* * *

Section 12. Section 1305(a) is amended by adding a paragraph and the section is amended by adding subsections to read:

§ 1305. Category 3 slot machine license.

(a) Eligibility.—

* * *

(1.2) The requirements under paragraph (1)(i), (ii) and (iii) and the membership fee required under paragraphs (1)(iv) and (1.1) shall not apply to the licensed facility if the Category 3 slot machine licensee makes notification to the board and a payment of \$1,000,000 to the department for deposit into the General Fund.

* * *

(c.1) Additional slot machines.—

(1) Upon submission by a Category 3 slot machine licensee of a petition to the board, in such form and manner as the board may require, the board may authorize the Category 3 slot machine licensee to increase the number of slot machines at the Category 3 slot machine licensee's licensed facility.

(2) An increase in the number of slot machines by a Category 3 slot machine licensee under paragraph (1) may not exceed 250 additional slot machines, which shall be in addition to the number of permissible slot machines authorized under subsection (c).

* * *

(d.1) Fee for additional slot machines.—Notwithstanding subsection (d), no later than 60 days after the board approves a request for an increase in the number of slot machines submitted by a Category 3 slot machine licensee in accordance with subsection (c.1), the Category 3 slot machine licensee shall pay a one-time fee of \$2,500,000 for deposit into the General Fund.

* * *

Section 12.1. Title 4 is amended by adding sections to read:

§ 1305.1. *Category 4 slot machine license.*

(a) Eligibility.—The following apply:

(1) A slot machine licensee may submit a bid if:

(i) the slot machine licensee's license and table game operation certificate are in good standing with the board; and

(ii) the slot machine licensee agrees to locate a Category 4 licensed facility as provided under subsection (b).

(2) A winning bidder of an auction under section 1305.2(a) (relating to conduct of auctions) shall be ineligible to participate in an auction until an auction is conducted under section 1305.2(b) and (b.1).

(a.1) Municipal option.—

(1) Prior to the commencement of an auction under section 1305.2, each municipality shall have the option to prohibit the location of a Category 4 licensed facility within the municipality by delivering a resolution of the municipality's governing body to the board no later than December 31, 2017. No Category 4 licensed facility may be located in a municipality which has exercised its option under this paragraph.

(2) A municipality that prohibits the location of a Category 4 licensed facility within the municipality under paragraph (1) may rescind that prohibition at any time by delivering a new resolution of the municipality's governing body to the board. A municipality that rescinds its prior prohibition according to this subsection may not subsequently prohibit the location of a Category 4 licensed facility in the municipality.

(b) Location.—The following shall apply:

(1) Ten Category 4 licensed facilities may be located in this Commonwealth.

(2) A winning bidder's Category 4 location may not be within 25 linear miles of another Category 1, Category 2 or Category 3 licensed facility but may be within 25 linear miles of the winning bidder's licensed facility.

(3) After a winning bidder selects a Category 4 location under section 1305.2(c)(9), the selected Category 4 location is reserved and another Category 4 location may not be located within that Category 4 location.

(4) If the winning bidder applying for a Category 4 slot machine license proposes to place the licensed facility upon land designated a subzone, an expansion subzone or an improvement subzone under the act of October 6, 1998 (P.L.705, No.92), known as the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act, and the application is subsequently

approved by the board, the winning bidder shall submit a statement waiving the exemptions, deductions, abatements or credits granted under the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act.

(5) Within five days of approving a Category 4 slot machine license for a proposed Category 4 licensed facility consisting of land designated a subzone, an expansion subzone or an improvement subzone under the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act for a Category 4 slot machine license under this section, the board shall notify the Department of Community and Economic Development. The notice shall include a description of the land where the proposed Category 4 licensed facility would be situated which is designated a subzone, an expansion subzone or an improvement subzone. Within five days of receiving the notice required by this paragraph, the Secretary of Community and Economic Development shall decertify the land as being a subzone, an expansion subzone or an improvement subzone. Upon decertification in accordance with this paragraph and notwithstanding Chapter 3 of the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act, a political subdivision may amend an ordinance, resolution or other required action which granted the exemptions, deductions, abatements or credits required by the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act to repeal the exemptions, deductions, abatements or credits for the decertified land.

(6) A Category 4 slot machine license may not be located in a county hosting a Category 3 licensed facility.

(7) A Category 4 slot machine license may not be located in a sixth class county which is contiguous to a county that hosts a Category 2 licensed facility.

(c) Conduct of gaming.—A Category 4 slot machine licensee shall have the authority to install and make slot machines available for play at a Category 4 licensed facility. The holder of a table game certificate that is a Category 4 slot machine licensee may install and make table games available for play at a Category 4 licensed facility.

(d) Number of slot machines.—The following apply:

(1) Subject to paragraphs (2) and (3), a Category 4 slot machine licensee may operate not fewer than 300 and not more than 750 slot machines at the Category 4 licensed facility.

(2) A Category 1 or Category 2 slot machine licensee who is a Category 4 slot machine licensee may not operate slot machines above the authorized complement under section 1210 (relating to number of slot machines).

(3) (i) A Category 3 slot machine licensee who is a Category 4 slot machine licensee may submit a petition to operate slot machines above the Category 3 authorized complement under section 1305 (relating to Category 3 slot machine license).

(ii) *No later than 60 days after the board approves a petition to operate slot machines above the Category 3 authorized complement in accordance with subparagraph (i), the Category 3 slot machine licensee shall pay a nonrefundable authorization fee in the amount of \$10,000 per authorized additional slot machine.*

(iii) *A qualified entity who is a Category 4 slot machine licensee shall submit to the board a petition to operate slot machines not to exceed the limit under paragraph (1). No later than 60 days after the board approves a petition to operate slot machines at a Category 4 licensed facility, the qualified entity must pay a nonrefundable authorization fee in the amount of \$10,000 per authorized slot machine.*

(4) *A slot machine licensee may not reduce the number of slot machines and table games in operation at a Category 1, Category 2 or Category 3 licensed facility, as of the effective date of this section, unless the board approves of a reduction and the reduction is not a result of the conduct of gaming at a Category 4 licensed facility.*

(e) *License fee.—*

(1) *The license fee for a Category 4 slot machine license shall be determined pursuant to an auction under section 1305.2.*

(2) *An additional license fee for a Category 4 slot machine license shall not be required.*

(3) *The provisions of section 1209(c) (relating to slot machine license fee) shall not apply to a Category 4 license.*

(f) *Temporary facilities.—The board, in its discretion and upon application or petition, may permit the use of a temporary facility within which slot machines and table games may be made available for play or operation at a Category 4 licensed facility, for a period not to exceed 18 months.*

(g) *Pennsylvania State Police.—Notwithstanding section 1517 (relating to investigations and enforcement), the board may not require the Pennsylvania State Police to have an office located within a Category 4 licensed facility.*

§ 1305.2. Conduct of auctions.

(a) *Initial auctions.—*

(1) *Beginning no later than January 15, 2018, and concluding by July 31, 2018, the board shall conduct initial auctions for the 10 available Category 4 slot machine licenses.*

(2) *The board shall set the date, time and location of the initial auctions at least three weeks prior to the initial auction and make the auction information available on the board's publicly accessible Internet website.*

(b) *Subsequent auctions.—*

(1) *If a winning bid is not awarded at an initial auction conducted under subsection (a), the board shall conduct subsequent auctions.*

(2) *A Category 1 or Category 2 slot machine licensee that submitted a winning bid in an initial auction shall be eligible to submit a bid in all subsequent auctions.*

(3) Except as provided under subsection (c)(10)(ii), (11), (12) and (13), the board shall complete all subsequent auctions no later than August 31, 2018.

(b.1) Additional auctions.—If a subsequent auction fails to generate any bids, the board, in its discretion, may determine if it is in the best interests of the Commonwealth whether to conduct additional auctions at which any Category 1, Category 2 or Category 3 slot machine licensee, or other qualified entity, may bid. If the board intends to conduct additional auctions, the board shall first establish criteria and procedures for the qualification of entities to bid and apply for a Category 4 license.

(c) Auction procedures.—The following shall apply to the auctions conducted by the board:

(1) Auctions shall be conducted using a competitive bidding process.

(2) The board shall adopt procedures to prevent bid rigging and collusion among bidders and establish auction conditions, processes or procedures. The procedures shall not be subject to review under section 205 of the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, sections 204(b) and 301(10) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act, or the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

(3) The board shall require each prospective bidder to submit a bond or letter of credit in the amount of the minimum bid under paragraph (5).

(4) Each auction shall be conducted separately.

(5) The minimum bid shall be \$7,500,000. In no case may the board accept a bid that is less than \$7,500,000.

(6) If the auction does not result in a winning bid, the highest bidders shall have one hour to submit a final and best bid to the board at the same public meeting. If the submission of the final bids does not result in a winning bid, the highest bidders shall continue to submit final bids, in an amount not less than or equal to a prior bid submission, until a winning bid is received.

(7) The winning bidder shall pay to the board the bid amount within two business days following the auction. Payment shall be by cashier's check, certified check or any other method acceptable to the board.

(8) If the winning bidder does not pay the bid amount within the time period required under paragraph (7), the second highest bidder shall be awarded the right to select a Category 4 location and apply for the Category 4 slot machine license, so long as the second highest bidder's bid amount meets the requirements of paragraph (5). If the second highest bidder declines the award or is ineligible to win, the board shall conduct another auction.

(9) Upon winning an auction, the winning bidder at the public meeting shall select the Category 4 location at which it intends to operate the Category 4 licensed facility. The board shall post the Category 4 location selection on its publicly accessible Internet website.

The selected Category 4 location may not be selected by a subsequent winning bidder.

(10) (i) The winning bidder shall submit an application for the Category 4 slot machine license within six months of the payment of the winning bid amount. The board may, in its discretion, extend this deadline for a period not to exceed two additional months.

(ii) Failure of the winning bidder to submit an application within the time under subparagraph (i) shall result in forfeiture of the bidder's right to apply for the license and forfeiture of the winning bid amount. The board shall conduct another auction at a time determined by the board.

(11) Issuance of a Category 4 slot machine license by the board to a winning bidder shall be contingent upon the bidder's ability to meet the requirements of this part.

(12) In the event the board denies the application for the Category 4 slot machine license filed by the winning bidder, the winning bidder shall be entitled to a return of 75% of the winning bid amount the winning bidder submitted under paragraph (7). A refund under this paragraph shall be paid from the General Fund. The board shall conduct another auction at a time determined by the board.

(13) If the board approves the application for the Category 4 slot machine license filed by the winning bidder and the applicant fails to open and operate the Category 4 licensed facility, the bid amount submitted under paragraph (7) is forfeited. The board shall conduct another auction at a time determined by the board.

(d) Deposit of fees.—Notwithstanding section 1209 (relating to slot machine license fee), all Category 4 slot machine license auction fees and authorization fees shall be deposited into the General Fund.

Section 12.2. Section 1307 of Title 4 is amended to read:
§ 1307. Number of slot machine licenses.

*(a) Category 1, Category 2 and Category 3 licenses.—*The board may license no more than seven Category 1 licensed facilities and no more than five Category 2 licensed facilities, as it may deem appropriate, as long as two, and not more, Category 2 licensed facilities are located by the board within the city of the first class and that one, and not more, Category 2 licensed facility is located by the board within the city of the second class. The board may at its discretion increase the total number of Category 2 licensed facilities permitted to be licensed by the board by an amount not to exceed the total number of Category 1 licenses not applied for within five years following the effective date of this part. Except as permitted by section 1328 (relating to change in ownership or control of slot machine licensee), any Category 1 license may be reissued by the board at its discretion as a Category 2 license if an application for issuance of such license has not been made to the board. The board may license no more than ~~three~~ two Category 3 licensed facilities.

*(b) Category 4 licenses.—*The board may license no more than 10 Category 4 licensed facilities. The board shall conduct auctions in accordance with section 1305.2 (relating to conduct of auctions).

Section 13. Section 1309(a.1) heading of Title 4 is amended and the subsection is amended by adding a paragraph to read:

§ 1309. Slot machine license application.

* * *

(a.1) Table games *and interactive gaming* information.—

* * *

(3) The board may permit an applicant for a slot machine license that has an application under paragraph (1) or (2) pending before the board to supplement its application with all information required under Chapter 13B (relating to interactive gaming) and to request that the board consider its application for a slot machine license, a table game operation certificate and an interactive gaming certificate concurrently. All fees for an interactive gaming certificate shall be paid by the applicant in accordance with the requirements of this part.

* * *

Section 13.1. Section 1313(e) of Title 4 is amended to read:

§ 1313. Slot machine license application financial fitness requirements.

* * *

(e) Applicant's operational viability.—In assessing the financial viability of the proposed licensed facility, the board shall make a finding, after review of the application, that the applicant is likely to maintain a financially successful, viable and efficient business operation and will likely be able to maintain a steady level of growth of revenue to the Commonwealth pursuant to section 1403 (relating to establishment of State Gaming Fund and net slot machine revenue distribution). Notwithstanding any provision of this part to the contrary, an applicant that includes a commitment or promise to pay a slot machine license fee in excess of the amount provided in section 1209 or a distribution of terminal revenue in excess of the amounts provided in sections 1403, 1405 (relating to Pennsylvania Race Horse Development *Trust* Fund) and 1407 (relating to Pennsylvania Gaming Economic Development and Tourism Fund) shall not be deemed a financially successful, viable or efficient business operation and shall not be approved for a slot machine license.

* * *

Section 14. Section 1317(a), (c) and (d) of Title 4 are amended and the section is amended by adding a subsection to read:

§ 1317. Supplier licenses.

(a) Application.—A manufacturer that elects to contract with a supplier under section 1317.1(d.1) (relating to manufacturer licenses) shall ensure that the supplier is appropriately licensed under this section. A person seeking to provide slot machines, table game devices or associated equipment, *interactive gaming devices or associated equipment or multi-use computing devices* to a slot machine licensee, *an interactive gaming certificate holder or an interactive gaming operator* within this Commonwealth through a contract with a licensed manufacturer shall apply to the board for the appropriate supplier license.

* * *

(c) Review and approval.—Upon being satisfied that the requirements of subsection (b) have been met, the board may approve the application and issue the applicant a supplier license consistent with all of the following:

(1) The ~~initial license shall be for a period of one year, and, if renewed under subsection (d), the]~~ license shall be *issued* for a period of ~~[three] five years and shall be renewed in accordance with subsection (d).~~ Nothing in this paragraph shall relieve a licensee of the affirmative duty to notify the board of any changes relating to the status of its license or to any information contained in the application materials on file with the board.

(2) The license shall be nontransferable.

(3) Any other condition established by the board.

* * *

(c.2) Abbreviated process for supplier.—

(1) Notwithstanding subsection (c.1)(1) or any regulations of the board to the contrary, the board may extend the use of the abbreviated process authorized under subsection (c.1) to an applicant for a supplier license to supply slot machines used in a multistate wide-area progressive slot machine system, skill slot machines, hybrid slot machines and devices or associated equipment used in connection with multistate wide-area progressive slot machine systems, skill slot machines or hybrid slot machines, interactive gaming devices or associated equipment used in connection with interactive gaming, including multi-use computing devices, if the applicant holds a valid supplier license issued by the board to supply slot machines or associated equipment or table games or table game devices or associated equipment. The requirements of subsection (c.1)(2) and (3) shall apply to this subsection.

(2) An applicant for a supplier's license to supply slot machines used in a multistate wide-area progressive systems, skill slot machines or hybrid slot machines or associated equipment or interactive gaming devices or associated equipment shall be subject to the applicable provisions of this part.

(d) Renewal.—

(1) ~~[Two]~~ **Six** months prior to expiration of a supplier license, the supplier licensee seeking renewal of its license shall submit a renewal application accompanied by the renewal fee to the board.

(2) If the renewal application satisfies the requirements of subsection (b), the board may renew the licensee's supplier license.

(3) If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the supplier license, the supplier license shall continue in effect ~~[for an additional six-month period or]~~ until acted upon by the board, ~~[whichever occurs first].~~

* * *

Section 14.1. Section 1317.1 of Title 4 is amended to read:

§ 1317.1. Manufacturer licenses.

(a) Application.—A person seeking to manufacture slot machines, table game devices and associated equipment *or interactive gaming devices and*

associated equipment for use in this Commonwealth shall apply to the board for a manufacturer license.

(b) Requirements.—An application for a manufacturer license shall be on the form required by the board, accompanied by the application fee, and shall include all of the following:

(1) The name and business address of the applicant and the applicant's affiliates, intermediaries, subsidiaries and holding companies; the principals and key employees of each business; and a list of employees and their positions within each business, as well as any financial information required by the board.

(2) A statement that the applicant and each affiliate, intermediary, subsidiary or holding company of the applicant are not slot machine licensees.

(3) The consent to a background investigation of the applicant, its principals and key employees or other persons required by the board and a release to obtain any and all information necessary for the completion of the background investigation.

(4) The details of any equivalent license granted or denied by other jurisdictions where gaming activities as authorized by this part are permitted and consent for the board to acquire copies of applications submitted or licenses issued in connection therewith.

(5) The type of slot machines, table game devices or associated equipment **or interactive gaming devices or associated equipment** to be manufactured or repaired.

(6) Any other information determined by the board to be appropriate.

(c) Review and approval.—Upon being satisfied that the requirements of subsection (b) have been met, the board may approve the application and grant the applicant a manufacturer license consistent with all of the following:

(1) The **[initial license shall be for a period of one year, and, if renewed under subsection (d), the]** license shall be **issued** for a period of **[three] five** years **and shall be renewed in accordance with subsection (d)**. Nothing in this paragraph shall relieve the licensee of the affirmative duty to notify the board of any changes relating to the status of its license or to any other information contained in application materials on file with the board.

(2) The license shall be nontransferable.

(3) Any other condition established by the board.

(c.1) Abbreviated process.—In the event an applicant for a manufacturer license to manufacture table game devices or associated equipment used in connection with table games is licensed by the board under this section to manufacture slot machines or associated equipment used in connection with slot machines, the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license to manufacture table game devices or associated equipment used in connection with table games, including financial viability of the applicant. Nothing in this section shall be construed to waive any fees associated with obtaining a license, **certificate or permit**

through the normal application process. The board may only use the abbreviated process if all of the following apply:

(1) The manufacturer license was issued by the board within a 36-month period immediately preceding the date the manufacturer licensee files an application to manufacture table game devices or associated equipment.

(2) The person to whom the manufacturer license was issued affirms there has been no material change in circumstances relating to the license.

(3) The board determines, in its sole discretion, that there has been no material change in circumstances relating to the licensee that necessitates that the abbreviated process not be used.

(c.2) Abbreviated process for manufacturer.—

(1) Notwithstanding subsection (c.1)(1) or any regulations of the board to the contrary, the board may extend the use of the abbreviated process authorized under subsection (c.1) to an applicant for a manufacturer license to manufacture slot machines used in multistate wide-area progressive slot machine systems, skill slot machines, hybrid slot machines or associated equipment used in connection with multistate wide-area progressive slot machine systems, skill slot machines or hybrid slot machines or interactive gaming devices or associated equipment used in connection with interactive gaming, if the applicant holds a valid manufacturer license issued by the board to manufacture slot machines or associated equipment or table games or table game devices or associated equipment. The requirements of subsection (c.1) (2) and (3) shall apply to this subsection.

(2) An applicant for a manufacturer license to manufacture slot machines used in a multistate wide-area progressive system, skill or hybrid slot machines or associated equipment or interactive gaming devices or associated equipment shall be subject to the applicable provisions of this part.

(d) Renewal.—

(1) ~~[Two]~~ Six months prior to expiration of a manufacturer license, the manufacturer licensee seeking renewal of its license shall submit a renewal application accompanied by the renewal fee to the board.

(2) If the renewal application satisfies the requirements of subsection (b), the board may renew the licensee's manufacturer license.

(3) If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the manufacturer license, the manufacturer license shall continue in effect **[for an additional six-month period or]** until acted upon by the board**[, whichever occurs first]**.

(d.1) Authority.—The following shall apply to a licensed manufacturer:

(1) A manufacturer or its designee, as licensed by the board, may supply or repair any slot machine, table game device or associated equipment *or interactive gaming device or associated equipment* manufactured by the manufacturer, provided the manufacturer holds the appropriate manufacturer license.

(2) A manufacturer of slot machines may contract with a supplier under section 1317 (relating to supplier licenses) to provide slot machines

or associated equipment to a slot machine licensee within this Commonwealth, provided the supplier is licensed to supply slot machines or associated equipment used in connection with slot machines.

(3) A manufacturer may contract with a supplier under section 1317 to provide table game devices or associated equipment to a certificate holder, provided the supplier is licensed to supply table game devices or associated equipment used in connection with table games.

(4) A manufacturer may contract with a supplier under section 1317 to provide slot machines used in a multistate wide-area progressive system, skill slot machines or hybrid slot machines or associated equipment, interactive gaming devices or associated equipment, provided that the manufacturer is licensed to manufacture slot machines used in a multistate wide-area progressive slot machine system, skill slot machines or hybrid slot machines or associated equipment or interactive gaming devices or associated equipment used in connection with interactive games.

(e) Prohibitions.—

(1) No person may manufacture slot machines, table game devices or associated equipment *or interactive gaming devices or associated equipment* for use within this Commonwealth [by a slot machine licensee] unless the person has been issued the appropriate manufacturer license under this section.

(2) Except as permitted in section 13A23.1 (relating to training equipment), no [slot machine licensee] *person* may use slot machines, table game devices or associated equipment, *authorized interactive games or interactive gaming devices or associated equipment* unless the slot machines, table game devices or associated equipment, *interactive games or interactive gaming devices or associated equipment* were manufactured by a person that has been issued the appropriate manufacturer license under this section.

(3) No person issued a license under this section shall apply for or be issued a license under section 1317.

(4) No limitation shall be placed on the number of manufacturer licenses issued or the time period to submit applications for licensure, except as required to comply with section 1306 (relating to order of initial license issuance).

Section 15. Title 4 is amended by adding a section to read:

§ 1317.3. Nongaming service provider.

(a) Notification required.—

(1) A slot machine licensee or applicant for a slot machine license that contracts with or otherwise engages in business with a nongaming service provider shall provide notification to the board prior to:

(i) the nongaming service provider's provision of goods or services at the slot machine licensee's licensed facility; or

(ii) the provision of goods or services for use in the operation of the slot machine licensee's licensed facility.

(2) Notification under this section shall be on a form and in a manner as determined by the board. The board may impose a fee, not to exceed \$100, in connection with the notification.

(b) Contents of notification.—Notification under this section shall include:

(1) The name and business address of the nongaming service provider.

(2) A description of the type or nature of the goods or services to be provided.

(3) An affirmation from the slot machine licensee or applicant for a slot machine license that the goods or services to be provided by the nongaming service provider will not require access to the gaming floor or a gaming-related restricted area.

(4) An affirmation from the slot machine licensee or applicant for a slot machine license certifying that the licensee or applicant has performed due diligence regarding the nongaming service provider and believes that neither the nongaming service provider nor its employees will adversely affect the public interest or integrity of gaming.

(5) Any other information that the board deems necessary.

(c) Duration of notification.—Subject to subsection (d)(5), the nongaming service provider notification required under subsection (a) shall be valid for five years.

(d) Conditions.—A slot machine licensee or applicant for a slot machine license that contracts or otherwise engages in business with a nongaming service provider shall be subject to the following conditions:

(1) The nongaming service provider and its employees shall only provide the goods and services described in the notification under this section.

(2) The slot machine licensee or applicant for a slot machine license shall notify the board of any material change in the information provided in the notification under this section. No fee shall be required for a subsequent change during the time for which the notification remains valid under subsection (c).

(3) The slot machine licensee or applicant for a slot machine license shall ensure that employees of the nongaming service provider do not enter the gaming floor or a gaming-related restricted area while providing the goods or services described in subsection (b)(2).

(4) The slot machine licensee or applicant for a slot machine license shall report to the board an employee of a nongaming service provider that does any of the following:

(i) Enters the gaming floor or a gaming-related restricted area of the licensed facility.

(ii) Commits an act that adversely affects the public interest or integrity of gaming.

(5) The board may prohibit a nongaming service provider or any of its employees from providing goods or services to a slot machine licensee or applicant for a slot machine license at a licensed facility upon a finding by the board that the prohibition is necessary to protect the public interest or integrity of gaming.

(e) Authority to exempt.—The board may exempt a slot machine licensee or applicant for a slot machine license from the notification requirements of this section if the board determines any of the following:

(1) *The nongaming service provider or the type or nature of the nongaming service provider's business is regulated by an agency of the Federal Government, an agency of the Commonwealth or the Pennsylvania Supreme Court.*

(2) *Notification is not necessary to protect the public interest or integrity of gaming.*

(f) *(Reserved).*

(g) *Criminal history record information.—Notwithstanding any other provision of this part or regulation of the board, a nongaming service provider shall obtain from the Pennsylvania State Police and provide to the board the results of a criminal history record information check under 18 Pa.C.S. Ch. 91 (relating to criminal history record information).*

(h) *Emergency notification.—*

(1) *A slot machine licensee may use a nongaming service provider prior to the board receiving notification under this section when a threat to public health, welfare or safety exists or circumstances outside the control of the slot machine licensee require immediate action to mitigate damage or loss to the slot machine licensee's licensed facility or to the Commonwealth.*

(2) *A slot machine licensee that uses a nongaming service provider in accordance with paragraph (1) shall:*

(i) *Notify the board immediately upon engaging a nongaming service provider for which the board has not previously received notification in accordance with subsection (a).*

(ii) *Provide the notification required under subsection (a) within a reasonable time as established by the board.*

(i) *Nongaming service provider list.—*

(1) *The board shall have the authority to prohibit a nongaming service provider from engaging in business with a slot machine licensee upon a finding by the board that the prohibition is necessary to protect the public interest and the integrity of gaming.*

(2) *The board shall develop and maintain a list of prohibited nongaming service providers and make it available upon request to a slot machine licensee or an applicant for a slot machine license.*

(3) *A slot machine licensee or applicant for a slot machine license may not enter into an agreement or engage in business with a nongaming service provider appearing on the list described in paragraph (2).*

(j) *Duties of nongaming service provider.—A nongaming service provider shall:*

(1) *Cooperate with the board and bureau regarding an investigation, hearing, enforcement action or disciplinary action.*

(2) *Comply with each condition, restriction, requirement, order or ruling of the board issued under this part or regulation of the board.*

(3) *Report any change in circumstances to the slot machine licensee or applicant for a slot machine license that may render the nongaming service provider ineligible, unqualified or unsuitable for the provision of goods or services at a licensed facility or use in the operation of a licensed facility. The slot machine licensee or applicant*

for a slot machine license shall report any change in circumstances to the board in such form and manner as the board may establish.

(k) Construction.—Nothing in this section shall be construed to limit the powers and authority of the board under section 1202 (relating to general and specific powers) or the regulatory authority of the board under section 1207 (relating to regulatory authority of board).

Section 16. Section 1320(a) of Title 4 is amended and the section is amended by adding a subsection to read:

§ 1320. Slot machine testing and certification standards.

(a) Use of other state standards.—[Until such time as the board establishes an independent testing and certification facility pursuant to subsection (b), the] The board may determine, at its discretion, whether the slot machine testing and certification standards of another jurisdiction within the United States in which an applicant for a manufacturer license is licensed are comprehensive and thorough and provide similar adequate safeguards as those required by this part. If the board makes that determination, it may permit a manufacturer through a licensed supplier as provided in section 1317 (relating to supplier [and manufacturer licenses application] licenses) to deploy those slot machines which have met the slot machine testing and certification standards in such other jurisdictions without undergoing the full testing and certification process by a board-established independent facility. In the event slot machines of an applicant for a manufacturer license are licensed in such other jurisdiction, the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a slot machine certification to such an applicant. [Alternatively, the board in its discretion may also rely upon the certification of a slot machine that has met the testing and certification standards of a board-approved private testing and certification facility until such time as the board establishes an independent testing and certification facility pursuant to subsection (b). Nothing in this section shall be construed to waive any fees associated with obtaining a license through the normal application process.]

* * *

(b.1) Use of private testing and certification facilities.—Notwithstanding any other provisions of this part or regulation of the board, if a slot machine is tested and certified by a private testing and certification facility registered with the board, the board shall use an abbreviated certification process requiring only that information determined by it to be necessary to consider the issuance of a slot machine certification under this section. Within one year of the effective date of this subsection, the board shall promulgate regulations that:

(1) Provide for the registration of private testing and certification facilities. Persons seeking registration under this subsection shall be subject to section 1202(b)(9) (relating to general and specific powers).

(2) Specify the form and content of the application for registration.

(3) Establish and collect an application fee for persons seeking registration. The application fee shall include the costs of all

background investigations as determined necessary and appropriate by the bureau.

(4) Establish uniform procedures and standards which private testing and certification facilities must comply with during the testing and certification of slot machines.

(5) Utilize information provided by private testing and certification facilities for the abbreviated certification of slot machines.

(6) Establish an abbreviated certification process that may be used by registered private testing and certification facilities to test and certify slot machines.

(7) Establish fees that must be paid by licensed manufacturers.

(8) Require slot machines submitted for abbreviated certification to be approved or denied by the board within 30 days from the date of submission to the board. If the board fails to act within the 30-day period, the abbreviated certification shall be deemed conditionally approved.

(9) Provide procedures and standards for the suspension and revocation of the registration of a private testing and certification facility and the reinstatement of a suspended or revoked registration, as determined appropriate by the board.

* * *

Section 17. Section 1326 of Title 4 is amended to read:

§ 1326. [License renewals] *Renewals.*

(a) Renewal.—All permits [and], licenses, *registrations or certificates* issued under this part unless otherwise provided shall be subject to renewal every [three] *five* years. Nothing in this subsection shall relieve a licensee, *permittee or holder of a certificate or registration* of the affirmative duty to notify the board of any changes relating to the status of its license, *permit, certificate or registration* or to any other information contained in the application materials on file with the board. The application for renewal shall be submitted at least [60] *180* days prior to the expiration of the permit [or], license, *registration or certificate* and shall include an update of the information contained in the initial and any prior renewal applications and the payment of any renewal fee required by this part. Unless otherwise specifically provided in this part, the amount of any renewal fee shall be calculated by the board to reflect the longer renewal period. A permit [or], license, *registration or certificate* for which a completed renewal application and fee, if required, has been received by the board will continue in effect unless and until the board sends written notification to the holder of the permit [or], license, *registration or certificate* that the board has denied the renewal of such permit [or], license, *registration or certificate*.

(b) Revocation or failure to renew.—In addition to any other sanctions the board may impose under this part, the board may at its discretion suspend, revoke or deny renewal of any permit [or], license, *registration or certificate* issued under this part if it receives any information from any source that the applicant or any of its officers, directors, owners or key employees is in violation of any provision of this part, that the applicant has furnished the board with false or misleading information or that the information contained in the applicant's initial application or any renewal

application is no longer true and correct. In the event of a revocation or failure to renew, the applicant's authorization to conduct the previously approved activity shall immediately cease, and all fees paid in connection therewith shall be deemed to be forfeited. In the event of a suspension, the applicant's authorization to conduct the previously approved activity shall immediately cease until the board has notified the applicant that the suspension is no longer in effect.

Section 18. Title 4 is amended by adding a section to read:

§ 1326.1. Slot machine license operation fee.

(a) Imposition.—Beginning January 1, 2017, the board shall impose an annual slot machine license operation fee on each Category 1 and Category 2 licensed gaming entity in an amount equal to 20% of the slot machine license fee paid at the time of issuance under section 1209(a) (relating to slot machine license fee).

(b) Payment of fee.—The department shall develop a payment schedule for the slot machine license operation fee imposed under subsection (a).

(c) Credit for payment.—The department shall credit against the slot machine license operation fee imposed under subsection (a) any amount paid by a:

(1) Except as provided in subparagraph (2), Category 1 or 2 licensed gaming entity:

(i) under section 1403(c)(3) (relating to the establishment of State Gaming Fund and net slot machine revenue distribution) between January 1, 2017, and May 27, 2017; and

(ii) to a municipality under an agreement between the Category 1 or 2 licensed gaming entity and the municipality in lieu of a payment under section 1403(c)(3), as certified to the department by the municipality receiving the funds.

(2) Category 2 licensed gaming entity located in a city of the first class:

(i) under section 1403(c)(2) between January 1, 2017, and May 27, 2017; and

(ii) to a city of the first class under an agreement between the Category 2 licensed gaming entity and the city in lieu of a payment under section 1403(c)(2), as certified to the department by the city.

(d) Failure to pay.—The board may at its discretion suspend, revoke or deny a permit or license issued under this part if a Category 1 or Category 2 licensed gaming entity fails to pay the slot machine license operation fee imposed under subsection (a).

(e) Deposit of slot machine license operation fee.—The total amount of all slot machine license operation fees imposed and collected by the board under this section shall be deposited in the fund and shall be appropriated to the department on a continuing basis for the purposes under section 1403(c)(3) and (4).

Section 19. Section 1330 of Title 4 is repealed:

§ 1330. Multiple slot machine license prohibition.

No slot machine licensee, its affiliate, intermediary, subsidiary or holding company may possess an ownership or financial interest that is greater than 33.3% of another slot machine licensee or person eligible to

apply for a Category 1 license, its affiliate, intermediary, subsidiary or holding company. The board shall approve the terms and conditions of any divestiture under this section. Under no circumstances shall any such divestiture be approved by the board if the compensation for the divested interest in a person eligible to apply for a Category 1 license exceeds the greater of the original cost of the interest, the book value of the interest or an independently assessed value of the interest one month prior to the effective date of this part and, in the case of a person eligible to apply for a Category 1 license, unless the person acquiring the divested interest is required to continue conducting live racing at the location where live racing is currently being conducted in accordance with section 1303 (relating to additional Category 1 slot machine license requirements) and be approved for a Category 1 slot machine license. No such slot machine license applicant shall be issued a slot machine license until the applicant has completely divested its ownership or financial interest that is in excess of 33.3% in another slot machine licensee or person eligible to apply for a Category 1 license, its affiliate, intermediary, subsidiary or holding company.]

Section 20. (Reserved).

Section 21. (Reserved).

Section 22. Sections 13A11(b), 13A22.1(c) and 13A27(a) and (c) of Title 4 are amended to read:

§ 13A11. Authorization to conduct table games.

* * *

(b) Number of authorized gaming tables.—

(1) A Category 1 and Category 2 slot machine licensee awarded a table game operation certificate may operate up to 250 gaming tables at any one time at its licensed facility. No more than 30% of these gaming tables may be used to play nonbanking games at any one time. Six months following the date of commencement of table game operations, the board may permit a Category 1 or Category 2 certificate holder to increase the number of gaming tables above the number authorized under this paragraph. The certificate holder shall petition the board for the increase at its licensed facility. The board, in considering the petition, shall take into account the appropriateness of the physical space where the gaming tables will be located and the convenience of the public attending the facility. The board may also take into account the potential benefit to the Commonwealth.

(2) A Category 3 slot machine licensee awarded a table game operation certificate may operate up to 50 gaming tables at any one time at its licensed facility. [No more than 30% of these gaming tables may be used to play nonbanking games at any one time.]

(2.1) A Category 3 slot machine licensee awarded a table game operation certificate may petition the board for additional table games at its licensed facility. The board may authorize up to 15 additional gaming tables. The additional tables shall be used to play nonbanking games. The board, in considering the petition, shall take into account the appropriateness of the physical space where the gaming tables will be located and the convenience of the public attending the facility. The

board may also take into account the potential benefit to the Commonwealth.

(2.2) The following apply:

(i) A Category 4 slot machine licensee may submit a petition for a table game operation certificate at a Category 4 licensed facility under section 13A12 (relating to petition requirements). A Category 4 slot machine licensee that submits a petition for a table game operation certificate under section 13A12 shall pay, at the time of submission of the petition, a one-time nonrefundable authorization fee in the amount of \$2,500,000.

(ii) A Category 4 slot machine licensee awarded a table game operation certificate at a Category 4 licensed facility by the board may operate up to 30 gaming tables at the licensee's licensed facility.

(iii) Twelve months following the date of commencement of table game operations under subparagraph (ii), a Category 4 slot machine licensee awarded a table game operation certificate may petition the board for an increase in the number of gaming tables at the Category 4 licensed facility. The board may permit the certificate holder under this section to add up to 10 additional gaming tables at a Category 4 licensed facility. The board, in considering the petition, shall take into account the appropriateness of the physical space where the gaming tables will be located and the convenience of the public attending the facility. The board may also take into account the potential benefit to the Commonwealth.

(iv) Gaming tables used in tournaments shall not be used in the calculation of the total number of gaming tables authorized in a table game authorization certificate under subparagraphs (ii) and (iii).

(3) Nonbanking gaming tables shall seat a maximum of ten players.

§ 13A22.1. Table game tournaments.

(c) Exemptions and additional tables.—The following shall apply:

(1) For a Category 1 [or], Category 2 *or* Category 4 licensed facility, gaming tables used in tournaments shall be exempt from section 13A11 (b)(1) (relating to authorization to conduct table games) and shall not be used in any calculation of the total number of gaming tables authorized in the table game authorization certificate.

(2) For a Category 3 licensed facility, the executive director may authorize the licensed facility to operate up to 15 additional gaming tables for use in tournaments. [The executive director may grant the use of the additional gaming tables for tournaments authorized under this paragraph only one day per month.] *Additional gaming tables for use in tournaments at a Category 3 licensed facility shall be exempt from section 13A11(b)(2) and shall not be used in any calculation of the total number of gaming tables authorized in the table game authorization certificate. The executive director may grant the use of additional gaming tables on the dates and times listed in the proposed schedule of*

tournaments submitted by the Category 3 slot machine licensee in accordance with subsection (b).

* * *

§ 13A27. Other financial transactions.

(a) Credit.—

(1) Notwithstanding section 1504 (relating to wagering on credit), a certificate holder may extend interest-free, unsecured credit to patrons for the purpose of playing slot machines or table games in accordance with this section; however, a certificate holder shall not accept credit cards, charge cards or debit cards from a patron or player for the exchange or purchase or chips, slot machine or table game credits or for an advance of coins or currency to be utilized by a player to play slot machine or table games. No credit card advance machine may be placed on the gaming floor.

(2) *Prepaid access instruments are not deemed to be a credit card, charge card, debit card or any other instrument of credit and are not prohibited under this section. A device or other mechanism that allows or facilitates the funding of a prepaid access instrument shall not be deemed a credit card advance machine under this section.*

* * *

(c) Credit application verification.—Prior to approving an application for credit, a certificate holder shall verify:

(1) The identity, creditworthiness and indebtedness information of the applicant by conducting a comprehensive review of the information submitted with the application and any information regarding the applicant's credit activity at other licensed facilities which the certificate holder may obtain through a casino credit bureau and, if appropriate, through direct contact with other slot machine licensees.

(2) That the applicant's name is not included on an exclusion list under section 1514 (relating to regulation requiring exclusion [or], ejection *or denial of access* of certain persons) or 1516 (relating to list of persons self excluded from gaming activities) or the voluntary credit suspension list under subsection (h).

* * *

Section 23. Section 13A41 of Title 4 is amended by adding a subsection to read:

§ 13A41. Table game device and associated equipment testing and certification standards.

* * *

(b.1) Use of private testing and certification facilities.—Notwithstanding any provision of this part or regulation of the board, if a table game device or associated equipment is tested and certified by a private testing and certification facility registered with the board, the board shall use an abbreviated certification process requiring only that information determined by it to be necessary to consider the issuance of a table game device or associated equipment certification under this section. Within one year of the effective date of this subsection, the board shall promulgate regulations that:

(1) Provide for the registration of private testing and certification facilities. Persons seeking registration under this subsection shall be subject to section 1202(b)(9) (relating to general and specific powers).

(2) Specify the form and content of the application for registration.

(3) Establish and collect an application fee for persons seeking registration. The application fee shall include the costs of all background investigations as determined necessary and appropriate by the board.

(4) Establish uniform procedures and standards which private testing and certification facilities must comply with during the testing and certification of table game devices and associated equipment.

(5) Utilize information provided by private testing and certification facilities for the abbreviated certification of table game devices or associated equipment.

(6) Establish an abbreviated certification process that may be used by registered private testing and certification facilities to test and certify table game devices or associated equipment.

(7) Establish fees that must be paid by a licensed manufacturer.

(8) Require table game devices and associated equipment submitted for abbreviated certification to be approved or denied by the board within 30 days from the date of submission to the board. If the board fails to act within the 30-day period, the abbreviated certification shall be deemed conditionally approved.

(9) Provide procedures and standards for the suspension and revocation of the registration of a private testing and certification facility and the reinstatement of a suspended or revoked registration.

Section 23.1. Section 13A61(a) of Title 4 is amended by adding a paragraph to read:

§ 13A61. Table game authorization fee.

(a) Amount of authorization fee.—

* * *

(3.1) Notwithstanding any other provision of this part, no later than 60 days after the board approves a request for additional table games in accordance with section 13A11 (relating to authorization to conduct table games) submitted by a Category 3 slot machine licensee, the Category 3 slot machine licensee shall pay a one-time nonrefundable fee in the amount of \$1,000,000. The fee shall be deposited into the General Fund.

* * *

Section 24. Section 13A62(a) of Title 4 is amended to read:

§ 13A62. Table game taxes.

(a) Imposition.—

(1) Except as provided in [paragraphs (2) and (3)] paragraph (2), each certificate holder and a Category 4 slot machine licensee who is a holder of a table game operation certificate at a Category 4 licensed facility shall report to the department and pay from its daily gross table game revenue, on a form and in the manner prescribed by the department, a tax of 12% of its daily gross table game revenue.

(2) In addition to the tax payable under paragraph (1), each certificate holder *and Category 4 slot machine licensee who is a holder of a table game operation certificate at a Category 4 licensed facility* shall report to the department and pay from its daily gross table game revenue, on a form and in the manner prescribed by the department, a tax of 34% of its daily gross table game revenue from each table game played on a fully automated electronic gaming table.

[(3) The tax reported and payable under paragraph (1) by each certificate holder shall be 14% of daily gross table game revenue for a period of two years following commencement of table games operations at its licensed facility.]

* * *

Section 24.1. Section 13A63(b)(1)(i), (3)(i) and (iii)(C) and (4) of Title 4 are amended and the section is amended by adding a subsection to read:
 § 13A63. Local share assessment.

* * *

(a.1) Required payment for Category 4 licensees.—In addition to the tax imposed under section 13A62, each Category 4 slot machine licensee who is a holder of a table game operation certificate at a Category 4 licensed facility shall pay on a weekly basis and on a form and in a manner prescribed by the department a local share assessment into a restricted receipts account established within the fund. All funds owed under this section shall be held in trust by the Category 4 slot machine licensee who is a holder of a table game operation certificate at a Category 4 licensed facility until the funds are paid into the account. Funds in the account shall be added to and distributed with the funds distributed under section 1403(c.1) (relating to establishment of State Gaming Fund and net slot machine revenue distribution).

(b) Distributions to counties.—The department shall make quarterly distributions from the local share assessments deposited into the fund under subsection (a) to counties, including home rule counties, hosting a licensed facility authorized to conduct table games under this chapter in accordance with the following:

(1) If the licensed facility is a Category 1 licensed facility located at a harness racetrack and the county, including a home rule county, in which the licensed facility is located is:

(i) A county of the third class: 50% of the licensed facility's local share assessment shall be added to and distributed with the funds distributed under section 1403(c)(2)(i)(D) **[(relating to establishment of State Gaming Fund and net slot machine revenue distribution)].**

* * *

(3) If the facility is a Category 2 licensed facility and if the county in which the licensed facility is located is:

(i) A county of the first class: 100% of the licensed facility's local share assessment shall be **[added to and]** distributed **[with the funds distributed under section 1403(c)(2)(iii)(A)]** *to a city of the first class.*

* * *

(iii) A county of the third class where a city of the third class hosting the licensed facility is located in two counties of the third class: 50% of the licensed facility's local share assessment shall be distributed as follows:

* * *

(C) Twenty percent to the nonhost county in which the host city is located, of which 50% shall *be deposited into a restricted receipts account to be established in the Commonwealth Financing Authority to be used [solely for grants to municipalities that are contiguous to the host city] exclusively* for economic development projects, community improvement projects and other projects in the public interest *within the nonhost county, with priority given to municipalities contiguous to the host city.*

* * *

(4) The following apply:

(i) If the facility is a Category 3 licensed facility located in a county of the second class A: 50% of the licensed facility's local share assessment shall be *[deposited into a restricted receipts account to be established in the Commonwealth Financing Authority to be used exclusively for grants or guarantees for projects in the county that qualify under 64 Pa.C.S. §§ 1551 (relating to Business in Our Sites Program), 1556 (relating to Tax Increment Financing Guarantee Program) and 1558 (relating to Water Supply and Waste Water Infrastructure Program).]* distributed as follows:

(A) Seventy-five percent shall be distributed to the county hosting the licensed facility from each such licensed facility for the purpose of supporting the maintenance and refurbishment of the Parks and Heritage sites throughout the county in which the licensee is located.

(B) Twelve and one-half percent shall be distributed to the county hosting the licensed facility from each such licensed facility for the purpose of supporting a child advocacy center located within the county in which the licensee is located.

(C) Twelve and one-half percent shall be distributed to the county hosting the licensed facility from each such licensed facility for the purpose of supporting an organization providing comprehensive support services to victims of domestic violence, including legal and medical aid, shelters, transitional housing and counseling located within the county in which the licensee is located.

(ii) Except as provided in subparagraph (i), if the facility is a Category 3 licensed facility in a county of any class: 50% of the licensed facility's local share assessment shall be added to the funds in the restricted receipts account established under section 1403(c)(2)(iv) for distribution with those funds.

* * *

Section 25. Title 4 is amended by adding chapters to read:

**CHAPTER 13B
INTERACTIVE GAMING**

Subchapter

- A. General Provisions**
- B. Interactive Gaming Authorized**
 - B.1. Multi-use Computing Devices**
- C. Conduct of Interactive Gaming**
- D. Facilities and Equipment**
- E. Testing and Certification**
- F. Taxes and Fees**
- G. Miscellaneous Provisions**

**SUBCHAPTER A
GENERAL PROVISIONS**

Sec.

13B01. (Reserved).

13B02. Regulatory authority.

13B03. Regulations.

§ 13B01. (Reserved).

§ 13B02. Regulatory authority.

(a) Authority.—*The board shall promulgate and adopt rules and regulations to govern the conduct of interactive gaming in order to ensure that it will be implemented in a manner that provides for the security and effective management, administration and control of interactive gaming, including, but not limited to, regulations:*

(1) Ensuring that interactive gaming is offered for play in this Commonwealth in a manner that is consistent with Federal law and the provisions of this chapter.

(2) Establishing standards and procedures for testing and approving interactive games and interactive gaming devices and associated equipment, and any variations or composites of authorized interactive games, provided that the board determines that the interactive games and any new interactive games or any variations or composites are suitable for use after a test or experimental period under any terms and conditions as the board may deem appropriate. The board may give priority to the testing of interactive games, interactive gaming devices and associated equipment or other gaming equipment which a slot machine licensee or an applicant for an interactive gaming license has certified that it will use to conduct interactive gaming in this Commonwealth. Nothing in this paragraph shall be construed to prohibit the board from using the testing and certification standards of another state or jurisdiction in which interactive gaming is conducted, if it determines that the standards of the jurisdiction are comprehensive, thorough and provide similar and adequate safeguards as those required under this part. If the board makes such a determination and the slot machine licensee or applicant for an interactive gaming license

is licensed in another state or jurisdiction to operate interactive gaming or an interactive gaming system, it may use an abbreviated process requiring only the information determined by it to be necessary to consider the issuance of an interactive gaming certificate or interactive gaming license under this chapter. The board, in its discretion, may also rely upon the certification of interactive games that have met the testing and certification standards of a board-approved private testing and certification facility.

(3) Establishing standards and rules to govern the conduct of interactive gaming and the platform and system of and wagering associated with interactive gaming, including internal controls and accounting controls, and the type, number, payout, wagering limits and rules for interactive games.

(4) Establishing the method for calculating gross interactive gaming revenue and standards for the daily counting and recording of cash and cash equivalents received in the conduct of authorized interactive games and ensure that internal controls and accounting controls are followed, including the maintenance of financial books and records and the conduct of audits. The board shall consult with the department in establishing these regulations.

(5) Establishing notice requirements pertaining to minimum and maximum wagers on authorized interactive games.

(6) Ensuring that all facilities and interactive gaming devices and associated equipment are arranged in a manner to promote appropriate security for interactive gaming.

(7) Establishing technical standards for the approval of interactive games, interactive gaming devices and associated equipment, including mechanical, electrical or program reliability, security against tampering and any other standards as it may deem necessary to protect registered players from fraud or deception.

(8) Governing the creation, ownership and utilization of interactive gaming accounts by registered players, including the following:

(i) Requiring that an interactive gaming account be created, owned and utilized by a natural person and not in the name of any beneficiary, custodian, joint trust, corporation, partnership or other organization or entity.

(ii) Prohibiting the assignment or other transfer of an interactive gaming account.

(iii) Prohibiting the creation, ownership or utilization of an interactive gaming account by an individual under 21 years of age.

(9) Establishing procedures for a registered player to log into the registered player's interactive gaming account, authenticate the registered player's identity, agree to terms, conditions and rules applicable to authorized interactive games and log out of the registered player's interactive gaming account, including procedures for automatically logging off a registered player from an interactive game after a specified period of inactivity.

(10) Establishing procedures for:

(i) Depositing funds in an interactive gaming account by cash, transfer or other means, as approved by the board.

(ii) The withdrawal of funds from an interactive gaming account.

(iii) The suspension of interactive gaming account activity for security reasons.

(iv) The termination of an interactive gaming account and disposition of funds in the account.

(v) The disposition of unclaimed funds in a dormant interactive gaming account.

(11) Establishing mechanisms by which a registered player may place a limit on the amount of money being wagered on an authorized interactive game or during any specified time period or the amount of money lost during any specified time period.

(12) Establishing mechanisms to exclude from interactive gaming persons not eligible to play by reason of age, identity or location or inclusion on a list of persons denied access to interactive gaming activities in accordance with sections 1514 (relating to regulation requiring exclusion, ejection or denial of access of certain persons), 1515 (relating to repeat offenders excludable from licensed gaming facility) and 1516 (relating to list of persons self excluded from gaming activities).

(13) Establishing procedures for the protection, security and reliability of interactive gaming accounts, authorized interactive games, interactive gaming devices and associated equipment and mechanisms to prevent tampering or utilization by unauthorized persons.

(14) Establishing data security standards to govern age, identity and location verification of persons engaged in interactive gaming activity.

(15) Requiring each interactive gaming certificate holder to:

(i) Provide written information on its interactive gaming skin or interactive gaming website, which explains the rules for each authorized interactive game, payoffs or winning wagers and other information as the board may require.

(ii) Designate one or more interactive gaming restricted areas where interactive gaming will be managed, administered or controlled.

(iii) Provide the board with access to the interactive gaming skin or interactive gaming website, interactive gaming platform, signal or transmission used in connection with interactive gaming and interactive gaming restricted areas.

(iv) Adopt procedures for the recordation, replication and storage of all play and transactions for a period to be determined by the board.

(v) Provide statements on its interactive gaming skin or interactive gaming website about the permissible minimum and maximum wagers for each authorized interactive game, as applicable.

(vi) *Adopt policies or procedures to prohibit any unauthorized person from having access to interactive gaming devices and associated equipment.*

(vii) *Adopt data security standards to verify the age, identity and location of persons engaged in interactive gaming and prevent unauthorized access by any person whose age, identity and location have not been verified or whose age, identity and location cannot be verified in accordance with regulations adopted by the board.*

(viii) *Adopt standards to protect the privacy and security of registered players engaged in interactive gaming.*

(ix) *Collect, report and pay any and all applicable taxes and fees and maintain all books, records and documents related to the interactive gaming certificate holder's interactive gaming activities in a manner and in a location within this Commonwealth as approved by the board or the department. All books, records and documents shall be immediately available for inspection during all hours of operation in accordance with the regulations of the board and shall be maintained in a manner and during periods of time as the board shall by regulation require.*

(b) *Additional authority.—*

(1) *At its discretion, the board may determine whether persons that provide the following goods or services shall be required to obtain a license, permit or other authorization:*

(i) *Payment processing and related money transmitting and services.*

(ii) *Identity, location or age verification and geospatial technology services.*

(iii) *General telecommunications services, which are not specifically designed for or related to interactive gaming.*

(iv) *Other goods or services that are not specifically designed for use with interactive gaming if the persons providing the goods or services are not paid a percentage of gaming revenue or of money wagered on interactive games or of any fees, not including fees to financial institutions and payment providers for facilitating a deposit by an interactive gaming account holder.*

(v) *Any other goods or services related to interactive gaming as the board may determine.*

(2) *The board shall develop a classification system for the licensure, permitting or other authorization of persons that provide the following goods or services related to interactive gaming:*

(i) *Persons that provide interactive games and interactive gaming devices and associated equipment.*

(ii) *Persons that manage, control or administer the interactive games or the wagers associated with interactive games.*

(iii) *Persons that provide customer lists comprised of persons identified or selected, in whole or in part, because they placed or may place wagers on interactive gaming.*

§ 13B03. *Regulations.*

(a) *Promulgation.—*

(1) In order to facilitate the prompt implementation of this chapter, the board shall have the authority to promulgate temporary regulations which shall expire not later than two years following the publication of the temporary regulation in the Pennsylvania Bulletin and on the board's publicly accessible Internet website.

(2) The board may promulgate temporary regulations not subject to:

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

(ii) Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

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

(b) Publications.—The board shall begin publishing temporary regulations governing the rules for interactive gaming, the issuance of interactive gaming certificates and interactive gaming licenses, standards for approving manufacturers, suppliers and other persons seeking to provide interactive games, interactive gaming devices and associated equipment, including age, identity and location verification software or system programs and security and surveillance standards in the Pennsylvania Bulletin within 45 days of the effective date of this subsection.

(c) Expiration of temporary regulations.—Except for temporary regulations governing the rules for issuing certificates and licenses under this chapter, for new interactive games, for approving interactive games or variations thereof, interactive gaming devices and associated equipment and for approving manufacturers, suppliers and other persons seeking to provide interactive games, interactive gaming devices and associated equipment, the board's authority to adopt temporary regulations under subsection (a) shall expire two years after publication of the temporary regulations. Regulations adopted after this period shall be promulgated as provided by law.

SUBCHAPTER B INTERACTIVE GAMING AUTHORIZED

Sec.

13B11. Authorization to conduct interactive gaming.

13B12. Interactive gaming certificate required and content of petition.

13B13. Issuance of interactive gaming certificate.

13B14. Interactive gaming operators.

13B15. Interactive gaming certificate and interactive gaming license.

13B16. Timing of initial interactive gaming authorizations.

§ 13B11. Authorization to conduct interactive gaming.

(a) Authority of board.—The board may authorize a slot machine licensee:

(1) To conduct interactive gaming directly or through an interactive gaming operator under an interactive gaming agreement, including

contests and tournaments and any other game which is determined by the board to be suitable for interactive gaming.

(2) To deploy interactive gaming skins or interactive gaming websites to facilitate the conduct of interactive gaming activities.

(a.1) Additional authority of board.—Pursuant to section 13B12(a.1) (relating to interactive gaming certificate required and content of petition), the board may authorize a qualified gaming entity to:

(1) Conduct interactive gaming directly or through an interactive gaming operator under an interactive gaming agreement, including contests and tournaments and any other game which is determined by the board to be suitable for interactive gaming.

(2) Deploy interactive gaming skins or interactive gaming websites to facilitate the conduct of interactive gaming activities.

(a.2) Categorization.—The board, in the board's sole discretion, shall categorize each authorized interactive game as one of the following:

(1) A peer-to-peer interactive game.

(2) A non-peer-to-peer interactive game which simulates slot machines.

(3) A non-peer-to-peer interactive game which simulates table games.

(b) Authority to play interactive games.—Notwithstanding any other provision of law, an individual who is 21 years of age or older is hereby permitted to participate as a registered player in interactive gaming and wagering associated with playing an authorized interactive game offered by an interactive gaming certificate holder in accordance with this chapter and regulations of the board. Except as provided in Subchapter G (relating to miscellaneous provisions), a registered player must be physically located within this Commonwealth in order to participate in interactive gaming.
§ 13B12. Interactive gaming certificate required and content of petition.

(a) Certificate required.—No person shall operate or conduct or attempt to operate or conduct interactive gaming, except for test purposes as approved by the board, or offer interactive gaming for play by the public in this Commonwealth without first obtaining an interactive gaming certificate or an interactive gaming license from the board. A slot machine licensee may seek approval to conduct interactive gaming by filing a petition for an interactive gaming certificate with the board. The board shall prescribe the form and the manner in which it shall be filed.

(a.1) Timing of petition and eligibility.—The following shall apply:

(1) No later than 90 days after the date the board begins accepting petitions under this chapter, a slot machine licensee may file a petition with the board for an interactive gaming certificate. If the board approves a petition for an interactive gaming certificate under this paragraph, the board shall authorize the interactive gaming certificate holder to offer any category of interactive gaming.

(2) Between 90 days and 120 days after the date the board begins accepting petitions under this chapter, a slot machine licensee may file a petition with the board for an interactive gaming certificate. If the board approves a petition for an interactive gaming certificate under this paragraph, the board shall authorize the interactive gaming

certificate holder to offer the categories of interactive gaming identified in the slot machine licensee's petition under subsection (b)(4.1).

(3) One hundred twenty days after the date the board begins accepting petitions under this chapter, a qualified gaming entity may file a petition with the board for an interactive gaming certificate. If the board approves a petition for an interactive gaming certificate under this paragraph, the board shall authorize the interactive gaming certificate holder to offer the categories of interactive gaming identified in the slot machine licensee's petition under subsection (b)(4.1).

(4) A qualified gaming entity which files a petition for an interactive gaming certificate under paragraph (3) shall be considered a slot machine licensee for the purposes of this subchapter.

(5) Any slot machine licensee who becomes licensed after the effective date of this section shall have 90 days from the date of licensure to submit a petition with the board for an interactive gaming certificate. If the board approves a petition for an interactive gaming certificate under this paragraph, the board shall authorize the interactive gaming certificate holder to offer any category of interactive gaming. After 90 days but before 120 days from the date of licensure, the slot machine licensee may file a petition with the board for an interactive gaming certificate. If the board approves a petition for an interactive gaming certificate under this paragraph, the board shall authorize the interactive gaming certificate holder to offer the categories of interactive gaming identified in the slot machine licensee's petition under subsection (b)(4.1). After 120 days from the date of licensure, a qualified gaming entity may file a petition with the board for an interactive gaming certificate in the categories of interactive games for which the slot machine licensee did not seek authorization.

(6) For the purposes of this subsection, a "qualified gaming entity" shall be a gaming entity licensed in any jurisdiction which has satisfied the requirements of this chapter and any other criteria established by the board, including financial and character suitability requirements.

(a.2) Number of interactive gaming certificates authorized.—

(1) The board may issue a maximum number of interactive gaming certificates as provided under this subsection:

(i) An amount not to exceed one certificate for peer-to-peer interactive games per Category 1, Category 2 or Category 3 slot machine license.

(ii) An amount not to exceed one certificate for non-peer-to-peer interactive games which simulate table games per Category 1, Category 2 or Category 3 slot machine license.

(iii) An amount not to exceed one certificate for non-peer-to-peer interactive games which simulate slot machines per Category 1, Category 2 or Category 3 slot machine license.

(2) An interactive gaming certificate which authorizes multiple categories of interactive games shall count as an interactive gaming certificate in each category of interactive game authorized under this section.

(b) Content of petition.—*In addition to information and documentation demonstrating that the slot machine licensee is qualified for an interactive gaming certificate under this chapter, a petition for an interactive gaming certificate shall include the following:*

(1) The name, business address and contact information of the slot machine licensee.

(2) The name, business address and contact information of any affiliate or other person that will be a party to an agreement with the slot machine licensee related to the operation of interactive gaming or an interactive gaming system on behalf of the slot machine licensee, including a person applying for an interactive gaming license.

(3) The name and business address, job title and a photograph of each principal and key employee of the slot machine licensee who will be involved in the conduct of interactive gaming, whether or not the principal or key employee is currently licensed by the board, if known.

(4) The name and business address, job title and a photograph of each principal and key employee of the interactive gaming operator, if any, who will conduct interactive gaming or an interactive gaming system on behalf of the slot machine licensee, whether or not the principal or key employee is currently licensed by the board, if known.

(4.1) A statement identifying which categories of interactive games the slot machine licensee intends to offer:

(i) peer-to-peer interactive games;

(ii) non-peer-to-peer interactive games which simulate slot machines; or

(iii) non-peer-to-peer interactive games which simulate table games.

(5) An itemized list of the interactive games, including identifying what category each interactive game falls under, and any other game or games the slot machine licensee plans to offer through the slot machine licensee's interactive gaming website for which authorization is being sought. The slot machine licensee shall, in accordance with regulations promulgated by the board, file with the board any changes in the number of authorized interactive games offered through interactive gaming.

(6) The estimated number of full-time and part-time employment positions that will be created at the slot machine licensee's licensed facility or at any interactive gaming restricted area if an interactive gaming certificate is issued and an updated hiring plan under section 1510(a) (relating to labor hiring preferences) which outlines the slot machine licensee's plan to promote the representation of diverse groups and Commonwealth residents in the employment positions.

(7) A brief description of the economic benefits expected to be realized by the Commonwealth if an interactive gaming certificate is issued.

(8) The details of any financing obtained or that will be obtained to fund an expansion or modification of the slot machine licensee's licensed facility to accommodate interactive gaming and to otherwise fund the cost of commencing interactive gaming.

(9) Information and documentation concerning financial background and resources, as the board may require, to establish by clear and convincing evidence the financial stability, integrity and responsibility of the slot machine licensee, and information or documentation concerning any person that will operate interactive gaming or an interactive gaming system on behalf of the slot machine licensee as an interactive gaming operator, as the board may require. The interactive gaming agreement with such person shall be subject to the review and approval of the board.

(10) Information and documentation, as the board may require, to establish by clear and convincing evidence that the slot machine licensee has sufficient business ability and experience to conduct a successful interactive gaming operation. In making this determination, the board may consider the results of the slot machine licensee's slot machine and table game operations, including financial information, employment data and capital investment.

(11) Information and documentation, as the board may require, to establish by clear and convincing evidence that the slot machine licensee has or will have the financial ability to pay the interactive gaming authorization fee.

(12) Detailed site plans identifying the proposed interactive gaming restricted area where interactive gaming operations will be managed, administered or controlled as approved by the board.

(13) A detailed description of all of the following:

(i) The slot machine licensee's initial system of internal and accounting controls applicable to interactive gaming.

(ii) The slot machine licensee's proposed standards to protect, with a reasonable degree of certainty, the privacy and security of its registered players.

(iii) How the slot machine licensee will facilitate compliance with all of the requirements set forth in this chapter and in section 802(a) of the Unlawful Internet Gambling Enforcement Act of 2006 (Public Law 109-347, 31 U.S.C. § 5362(10)(B)), including, but not limited to, all of the following:

(A) Age, identity and location verification requirements.

(B) Appropriate data security standards to prevent unauthorized access by any person whose age, identity or location have not been verified or cannot be verified in accordance with this chapter and applicable regulations of the board.

(C) Except as provided in Subchapter G (relating to miscellaneous provisions), the requirement that all wagers made in the conduct of interactive gaming be initiated and received or otherwise made exclusively within this Commonwealth.

(iv) The slot machine licensee's proposed age, identity and location verification standards designed to block access to persons under 21 years of age and other persons excluded or prohibited from participating in interactive gaming under this chapter.

(v) *The procedures the slot machine licensee will use to register individuals as registered players.*

(vi) *The procedures the slot machine licensee will use to establish interactive gaming accounts for registered players.*

(vii) *The interactive games and services the slot machine licensee proposes to offer to registered players.*

(viii) *Documentation and information relating to known proposed contractors of the slot machine licensee and subcontractors of the contractors.*

(14) *The interactive gaming devices and associated equipment and interactive gaming system or systems that the slot machine licensee plans to or will utilize to manage, administer or control its interactive gaming operations.*

(15) *Compliance certification of the slot machine licensee's proposed interactive gaming devices and associated equipment, including interactive gaming software and hardware, by a board-approved gaming laboratory to ensure that the gaming software and hardware comply with the requirements of this chapter and regulations of the board.*

(16) *Detailed description of accounting systems, including, but not limited to, accounting systems for all of the following:*

(i) *Interactive gaming accounts.*

(ii) *Per-hand charges, if applicable.*

(iii) *Transparency and reporting to the board and the department.*

(iv) *Distribution of revenue to the Commonwealth and winnings to registered players.*

(v) *Ongoing auditing and internal control compliance reviews.*

(17) *Detailed information on security systems to protect the interactive gaming skins or interactive gaming website from internal and external breaches and threats.*

(18) *Any other information the board may require.*

(c) *Confidentiality.—Information submitted to the board under subsection (b) may be considered confidential by the board if the information would be confidential under section 1206(f) (relating to board minutes and records).*

§ 13B13. *Issuance of interactive gaming certificate.*

(a) *Requirements for approval of petition.—*

(1) *The board may approve a petition under section 13B12 (relating to interactive gaming certificate required and content of petition) upon finding clear and convincing evidence of all of the following:*

(i) *The slot machine licensee's proposed conduct of interactive gaming complies in all respects with the requirements of this chapter and regulations promulgated by the board.*

(ii) *Age, identity and location verification requirements designed to block access to individuals under 21 years of age and persons otherwise excluded or prohibited from engaging in interactive gaming in accordance with this chapter, as approved by the board, have been implemented by the slot machine licensee.*

(iii) *The slot machine licensee has implemented or will implement appropriate data security standards to prevent unauthorized access by any person whose age, identity and location has not been verified or cannot be verified in accordance with the regulations promulgated by the board.*

(iv) *The slot machine licensee has implemented or will implement appropriate standards to protect the privacy and security of registered players with a reasonable degree of certainty.*

(v) *The slot machine licensee's initial system of internal and accounting controls applicable to interactive gaming, and the security and integrity of all financial transactions in connection with the system, complies with this chapter and regulations promulgated by the board.*

(vi) *The slot machine licensee is in good standing with the board.*

(vii) *The slot machine licensee agrees that the number of slot machines and table games in operation at its licensed facility, as of the effective date of this section, will not be reduced as a result of interactive gaming.*

(2) *It shall be an express condition of the issuance and continued validity of an interactive gaming certificate that a slot machine licensee shall collect, report and pay all applicable taxes and fees and shall maintain all books, records and documents pertaining to the slot machine licensee's interactive gaming operations in a manner and location within this Commonwealth as approved by the board. All books, records and documents shall be immediately available for inspection by the board and the department during all hours of operation in accordance with the regulations of the board and shall be maintained in a manner and during periods of time as the board shall require.*

(b) *Issuance of interactive gaming certificate.—*

(1) *Upon approval of a petition for an interactive gaming certificate, the board shall issue an interactive gaming certificate to the slot machine licensee. The issuance of an interactive gaming certificate prior to the full payment of the authorization fee required under section 13B51 (relating to interactive gaming authorization fee) shall not relieve the slot machine licensee from the obligation to pay the authorization fee in accordance with the requirements of section 13B51.*

(2) *Upon issuing an interactive gaming certificate, the board shall amend the slot machine licensee's statement of conditions to include conditions pertaining to the requirements of this chapter.*

(c) *Term of interactive gaming certificate.—Subject to the power of the board to deny, revoke or suspend an interactive gaming certificate, an interactive gaming certificate shall be valid for five years from the date of issuance and may be renewed in accordance with the requirements of section 1326 (relating to renewals).*

(d) *Sanctions.—An interactive gaming certificate holder that fails to abide by the requirements of this chapter or regulations of the board or any condition contained in the interactive gaming certificate holder's*

statement of conditions governing the operation of interactive gaming shall be subject to board-imposed administrative sanctions or other penalties authorized under this part.

(e) Background investigations.—Each petition for an interactive gaming certificate shall be accompanied by a nonrefundable fee established by the board to cover the cost of background investigations. The board shall determine by regulation the persons who shall be subject to background investigation. Any additional costs and expenses incurred in any background investigation or other investigation or proceeding under this chapter shall be reimbursed to the board by the petitioner.

§ 13B14. Interactive gaming operators.

(a) License required.—No person shall serve or attempt to serve as an interactive gaming operator without first obtaining an interactive gaming license from the board. A person may seek approval to serve as an interactive gaming operator by filing an application with the board. The board shall prescribe the form of the application and the manner in which it shall be filed. The board shall:

(1) Determine suitability of the person filing an application under this section. The board shall determine suitability in accordance with the same requirements of this part applicable to the determination of suitability of the issuance of an interactive gaming certificate to a slot machine licensee. Notwithstanding the provisions of this paragraph, the board may consider a holder of a valid license, permit, registration, certificate or other authorization approved and issued under this part, which is in good standing, as suitable under this section without additional investigation. The consideration shall not relieve the applicant for an interactive gaming license from payment of all fees imposed under this chapter.

(2) Provide for the approval of the terms and conditions of all agreements entered into by or between an interactive gaming certificate holder and a person applying for an interactive gaming license.

(b) Classification and approval of employees.—

(1) The board shall establish a classification system for employees of interactive gaming operators or other persons who provide products or services associated with or related to interactive gaming, interactive gaming platforms and interactive gaming systems.

(2) The board shall provide for the licensure, permitting, registration or certification, as it deems appropriate, of employees in each employee classification established by it in accordance with paragraph (1).

(c) Applicability of certain provisions.—Interactive gaming operators shall be subject to the applicable provisions of this part that apply to interactive gaming certificate holders, as determined by the board, including the provisions of section 13B13(d) (relating to issuance of interactive gaming certificate).

(d) Term of interactive gaming license.—Subject to the power of the board to deny, revoke or suspend an interactive gaming license, an interactive gaming license shall be valid for five years from the date of

issuance and may be renewed in accordance with the requirements of section 1326 (relating to renewals).

(e) Interactive gaming license and conditional authorization.—

(1) The following shall apply:

(i) During the first 18 months after the effective date of this section, the board may issue conditional authorization to a person applying for an interactive gaming license.

(ii) Conditional authorization issued under this subsection shall remain in effect until the earlier of the date occurring 12 months after the issuance of the authorization or the date upon which the board makes a final determination on the person's application.

(iii) The effectiveness of a conditional authorization may be extended by the board not more than once, upon a showing of good cause.

(iv) Conditional authorization shall allow an applicant for an interactive gaming license to engage in all of the functions of a licensed interactive gaming operator for the duration of the conditional authorization.

(2) A conditional authorization may not be issued unless:

(i) The applicant has submitted a complete application for an interactive gaming license to the board.

(ii) The applicant agrees to pay or has paid the fee prescribed in section 13B51 (relating to interactive gaming authorization fee) prior to the issuance of conditional authorization.

(iii) The bureau has no objection to the issuance of a conditional authorization to the applicant.

(3) Within 45 days of the date that the bureau receives the completed application for an interactive gaming license from an applicant for investigation, the bureau shall conduct a preliminary investigation of the applicant and any employee of the applicant determined by the board to be included in the investigation, which shall include a criminal background investigation.

(4) If the bureau's preliminary investigation discloses no adverse information that would impact suitability for licensure, the bureau shall provide the board with a statement of no objection to the issuance of conditional authorization to the applicant.

(5) If the bureau's preliminary investigation discloses adverse information that would impact suitability for licensure, it shall register an objection, and a conditional authorization may not be issued until the bureau's concerns are resolved.

(6) A conditional authorization approved and issued to an applicant for an interactive gaming license under this subsection may be suspended or withdrawn by the board upon a showing of good cause by the bureau.

§ 13B15. Interactive gaming certificate and interactive gaming license.

The following shall apply:

(1) An interactive gaming certificate and an interactive gaming license issued to an interactive gaming operator conducting interactive gaming or an interactive gaming system on behalf of the interactive

gaming certificate holder shall be valid unless not renewed in accordance with the provisions of this chapter or:

(i) The certificate or license is suspended or revoked by the board as permitted by this part and regulations of the board.

(ii) The interactive gaming certificate holder's slot machine license is suspended, revoked or not renewed by the board as permitted by this part and regulations of the board.

(iii) The interactive gaming certificate holder slot machine licensee relinquishes or does not seek renewal of its slot machine license.

(iv) The interactive gaming certificate holder does not seek renewal of its interactive gaming certificate.

(2) The interactive gaming certificate may include an initial itemized list by number and type of authorized interactive games to be conducted by the interactive gaming certificate holder or interactive gaming operator. The interactive gaming certificate holder may increase or decrease the number of interactive games authorized for play on its interactive gaming skin or interactive gaming website or change the type of authorized interactive games played on its interactive gaming skin or interactive gaming website consistent with the types of interactive games authorized by the interactive gaming certificate issued by the board, upon notice, if required by the board, to the board and approval by the board or a designated employee of the board. Unless approved by the board or a designated employee of the board, the total number and type of authorized interactive games offered for play by an interactive gaming certificate holder may not differ from the number and type approved by the board and authorized in the interactive gaming certificate.

(3) A slot machine licensee shall be required to update the information in its petition for an interactive gaming certificate at times and in the form and manner prescribed by the board.

(4) A valid interactive gaming certificate or interactive gaming license may be renewed in accordance with the procedures set forth in section 1326 (relating to renewals) and upon the payment of the applicable renewal fee required by section 13B51(c) (relating to interactive gaming authorization fee).

§ 13B16. Timing of initial interactive gaming authorizations.

The board shall prescribe the date on which initial petitions for an interactive gaming certificate and applications for an interactive gaming license must be filed with the board and shall approve or deny a petition or application within 90 days following receipt.

SUBCHAPTER B.1 MULTI-USE COMPUTING DEVICES

Sec.

13B20. Authorization.

13B20.1. (Reserved).

13B20.2. (Reserved).

13B20.3. Fee.

13B20.4. Multi-use gaming device tax.

13B20.5. Multi-use gaming device local share assessment.

13B20.6. Regulations.

13B20.7. Construction.

§ 13B20. Authorization.

(a) Authority.—The board may authorize an interactive gaming certificate holder to provide for the conduct of interactive gaming, either directly or through an interactive gaming operator under an interactive gaming agreement, at a qualified airport through the use of multi-use computing devices by eligible passengers in accordance with this subchapter and the regulations of the board. The following shall apply:

(1) If the interactive gaming certificate holder intends to operate interactive gaming under an interactive gaming agreement, the interactive gaming operator that is a party to the interactive gaming agreement shall have been issued an interactive gaming license or will be issued an interactive gaming license prior to the commencement of operations under the interactive gaming agreement. The interactive gaming agreement shall be subject to the review and approval of the board.

(2) As follows:

(i) The interactive gaming certificate holder or the interactive gaming operator, as appropriate, shall enter into a written agreement for the conduct of interactive gaming through the use of multi-use computing devices within the airport gaming area as follows:

(A) For the conduct of interactive gaming at a qualified airport which is located partially in a county of the first class and partially in a county contiguous to a county of the first class, the written agreement shall be with either the airport authority or its designee or a concession operator, except that, if the written agreement is with a concession operator, the airport authority or its designee must have approved or consented to lawful gaming within the airport gaming area through the concession operator's concession contract, and the airport authority must have received a copy of the written agreement with the certificate holder or the interactive gaming operator.

(B) For the conduct of interactive gaming at a qualified airport which is not located partially within a county of the first class and partially in a county contiguous to a county of the first class, the written agreement shall be with the airport authority or its designee.

(ii) The written agreement shall be subject to the review and approval of the board.

(3) Notwithstanding any provision to the contrary contained in this part or regulation of the board, an eligible passenger does not need to be a registered player as provided for in section 13B22 (relating to establishment of interactive gaming accounts).

(b) Petition.—An interactive gaming certificate holder desiring to provide interactive gaming at a qualified airport under subsection (a) shall

submit a petition for approval to the board. The petition shall be in the form and submitted in the manner prescribed by the board.

(c) Requirements.—The petition filed under subsection (b) shall include the following:

(1) The name, business address and contact information of the interactive gaming certificate holder and the name, business address and contact information of the interactive gaming operator, if applicable.

(2) The name and business address, job title and a photograph of each principal and key employee, if known, of the interactive gaming certificate holder and the interactive gaming operator, if applicable, who will be directly involved in the conduct of the authorized interactive games at the qualified airport and who are not currently licensed by the board.

(3) The name and job title of the person or persons who will be responsible for ensuring the operation and integrity of the conduct of interactive gaming at the qualified airport and for reviewing reports of suspicious transactions.

(4) A copy of the interactive gaming agreement, if applicable.

(5) The location of the qualified airport together with detailed site plans indicating the location of the proposed airport gaming area.

(6) Except as provided in paragraph (7), the name and business address of the airport authority governing the qualified airport and the names of the members of the governing body of the airport authority.

(7) If the use and control of the qualified airport is regulated by a city of the first class, an identification of the municipal agency with primary oversight in the city of the first class.

(8) Copies of the agreements required under subsection (a)(2).

(9) The brand name of the multi-use computing devices that will be placed in operation at the qualified airport and any information required by the board, in its discretion, regarding persons that manufacture or will supply the multi-use computing devices as it deems necessary.

(10) The interactive games the interactive gaming certificate holder or the interactive gaming operator, as applicable, intends to offer for play at the qualified airport.

(11) Information, as the board may require, on any computer applications, including gaming applications, that can be accessed on the multi-use computing devices to be placed into operation at the qualified airport.

(12) Information and documentation evidencing the financial stability, integrity and responsibility of the interactive gaming certificate holder and the interactive gaming operator, if applicable.

(13) The agreement of the interactive gaming certificate holder to pay the fee required by section 13B20.3 (relating to fee).

(14) Any other information required by the board.

(d) Confidentiality.—Information submitted to the board under subsection (c) may be considered confidential by the board if the

information would be confidential under section 1206(f) (relating to board minutes and records).

(e) Approval.—The board shall approve the petition submitted under subsection (b) upon review and approval of the information submitted under subsection (c) and a determination by the board by clear and convincing evidence that:

(1) The interactive gaming certificate holder and the interactive gaming operator, if applicable, have paid all required fees and taxes payable under provisions of this part other than this subchapter to the date of submission of the petition.

(2) The interactive gaming certificate holder, or the interactive gaming operator, as the case may be, possesses the necessary funds or has secured adequate financing to commence the conduct of interactive gaming at the qualified airport.

(3) The proposed internal and external security and surveillance measures at the qualified airport and within the airport gaming area are adequate.

(4) Interactive gaming at the qualified airport will be conducted and operated in accordance with this part and regulations of the board.

§ 13B20.1. (Reserved).

§ 13B20.2. (Reserved).

§ 13B20.3. Fee.

(a) Required fee.—

(1) An interactive gaming certificate holder shall pay a one-time, nonrefundable fee upon the authorization to conduct interactive gaming at a qualified airport through the use of multi-use computing devices in accordance with this subchapter.

(2) The amount of the fee shall be as follows:

(i) If the airport is an international airport located partially in a county of the first class and partially in a county contiguous to a county of the first class, the amount of the fee shall be \$2,500,000.

(ii) If the airport is an international airport located in a county of the second class, the amount of the fee shall be \$1,250,000.

(iii) If the airport is an international airport located in a county other than a county of the first or second class, the amount of the fee shall be \$500,000.

(iv) If the airport is a qualified airport that has not been designated an international airport, the amount of the fee shall be \$125,000.

(b) Deposit of fees.—Notwithstanding section 1208 (relating to collection of fees and fines), all fees received by the board under this subchapter shall be deposited in the General Fund.

§ 13B20.4. Multi-use gaming device tax.

(a) Imposition.—

(1) Each interactive gaming certificate holder authorized to conduct interactive gaming at a qualified airport in accordance with the provisions of this subchapter shall report to the department and pay from its daily gross interactive airport gaming revenue generated from the conduct of interactive gaming through multi-use computing devices

at the qualified airport, on a form and in the manner prescribed by the department, a tax equal to the tax imposed under section 13B52(a) (relating to interactive gaming tax) of its daily gross interactive airport gaming revenue generated from multi-use computing devices at the qualified airport.

(2) The tax imposed under paragraph (1) shall be payable to the department on a weekly basis and shall be based upon the gross interactive airport gaming revenue generated from multi-use computing devices at the qualified airport derived during the previous week.

(3) All funds owed to the Commonwealth under this section shall be held in trust for the Commonwealth by the interactive gaming certificate holder until the funds are paid to the department. An interactive gaming certificate holder shall establish a separate bank account into which gross interactive airport gaming revenue from multi-use computing devices at a qualified airport shall be deposited and maintained until such time as the funds are paid to the department under this section.

(4) The department shall transfer the funds collected under this section to the General Fund.

(b) Credit against tax imposed.—A credit against the tax imposed under subsection (a) shall be granted in an amount determined by the department with respect to an amount which is:

(1) paid by a concession operator or airport authority on the daily gross interactive gaming revenue generated from the conduct of interactive gaming through multi-use computing devices at the qualified airport; and

(2) required to remain at the qualified airport pursuant to Federal requirements relating to Federal Aviation Administration funds.

§ 13B20.5. Multi-use gaming device local share assessment.

(a) Required payment.—In addition to the tax imposed under section 13B20.4 (relating to multi-use gaming device tax), each interactive gaming certificate holder authorized to conduct interactive gaming at a qualified airport shall report to the department and pay, on a form and in a manner prescribed by the department, a local share assessment equal to the local share assessment imposed under section 13B53 (relating to local share assessment) of the interactive gaming certificate holder's daily gross interactive airport gaming revenue from multi-use devices at the qualified airport. The funds shall be payable to the department on a weekly basis and shall be based upon the revenue generated during the previous week. The funds shall be paid into a restricted receipts account established by the department in the fund. All funds owed to the Commonwealth under this section shall be held in trust by the interactive gaming certificate holder until the funds are paid to the department. Funds in the account are hereby appropriated to the department on a continuing basis for the purposes set forth in this section.

(b) Distribution.—The department shall make quarterly distributions from the local share assessments imposed under subsection (a) as follows:

(1) Except as provided under paragraph (2), 50% shall be deposited into a restricted receipts account to be established in the

Commonwealth Financing Authority to be used exclusively for grants in the public interest in a county hosting the qualified airport. If a qualified airport is located in more than one county, the grants shall be distributed equally to each county hosting the qualified airport.

(2) For an international airport located partially in a county of the first class and partially in a county contiguous to a county of the first class, 50% shall be distributed as follows:

(i) Fifty percent to a school district of the first class.

(ii) Fifty percent shall be deposited into a restricted receipt account to be established in the Commonwealth Financing Authority to be used exclusively for grants in the public interest in a county contiguous to a county of the first class and in which an international airport is partially located.

(3) Fifty percent shall be added to and distributed with the funds distributed under section 13B53(b)(2).

§ 13B20.6. Regulations.

The board shall promulgate regulations related to the operation of authorized interactive games through the use of multi-use computing devices at qualified airports, including, but not limited to:

(1) Procedures for the creation of temporary or provisional interactive gaming accounts that take into consideration the nature of interactive gaming through multi-use computing devices at qualified airports.

(2) Procedures to govern credits, debits, deposits and payments to interactive gaming accounts.

(3) In consultation with the department, procedures to govern financial transactions between an interactive gaming certificate holder, an interactive gaming operator or other persons that relates to the reporting of gross interactive airport gaming revenue generated through the use of multi-use computing devices at qualified airports.

§ 13B20.7. Construction.

Nothing in this subchapter shall be construed to:

(1) Create a separate license governing the use of multi-use computing devices for the conduct of interactive games at qualified airports by interactive gaming certificate holders within this Commonwealth.

(2) Limit the board's authority to determine the suitability of any person who may be directly or indirectly involved in or associated with the operation of interactive gaming at a qualified airport or to ensure the integrity of interactive gaming and protect the public interest.

**SUBCHAPTER C
CONDUCT OF INTERACTIVE GAMING**

Sec.

13B21. Situs of interactive gaming operations.

13B22. Establishment of interactive gaming accounts.

13B23. Interactive gaming account credits, debits, deposits and payments.

13B24. Acceptance of wagers.

13B25. Dormant interactive gaming accounts.

13B26. Log-in procedure required.

13B27. Information provided at login.

13B28. Prohibitions.

13B29. Commencement of interactive gaming operations.

§ 13B21. Situs of interactive gaming operations.

Except as provided in Subchapter G (relating to miscellaneous provisions), all wagers made through interactive gaming shall be deemed to be initiated, received or otherwise made within the geographic boundaries of this Commonwealth. The intermediate routing of electronic data associated or in connection with interactive gaming shall not determine the location or locations in which a bet or wager is initiated, received or otherwise made.

§ 13B22. Establishment of interactive gaming accounts.

(a) Registration restrictions.—Only a registered player who has first established an interactive gaming account shall be permitted to play an authorized interactive game or place a wager associated with an authorized interactive game. The interactive gaming account shall be in the name of a registered player and may not be in the name of any beneficiary, custodian, joint trust, corporation, partnership or other organization or entity. An eligible passenger is not required to comply with this section in order to play or place a wager associated with an interactive game through the use of a multi-use computing device at a qualified airport.

(b) Establishment of interactive gaming accounts.—

(1) An interactive gaming account may be established in person, provided that the board shall, through regulations, provide procedures for the establishment of interactive gaming accounts over the Internet through the interactive gaming certificate holder's interactive gaming skin or interactive gaming website. Each interactive gaming account shall comply with the internal controls of the interactive gaming certificate holder that, at a minimum, require the following:

(i) The filing and execution of an interactive gaming account application, the form of which has been preapproved by the board.

(ii) Proof of age, identity and physical address of the principal residence of the prospective interactive gaming account holder in a method approved by the board through regulation.

(iii) Electronic mail address and other contact information of the prospective account holder, as the board or interactive gaming certificate holder may require.

(iv) Password or other secured identification provided by the interactive gaming certificate holder to access the interactive gaming account or some other mechanism approved by the board to authenticate the registered player as the holder to the interactive gaming account.

(v) An acknowledgment under penalty of perjury that false or misleading statements made in regard to an application for an interactive gaming account may subject the applicant to civil and criminal penalties.

(2) The interactive gaming certificate holder may accept or reject an application after receipt and review of the application and

verification of age, identity and physical address for compliance with the provisions of this chapter. The interactive gaming certificate holder shall have the right, at any time with or without cause, to suspend or close any interactive gaming account at its sole discretion.

(3) The address provided by the applicant in the application for an interactive gaming account shall be deemed the address of record for the purposes of mailing checks, account withdrawals, notices and other materials to the prospective interactive gaming account holder.

(4) An interactive gaming account shall be a noninterest bearing account and shall not be assignable or otherwise transferable.

(c) Password required.—As part of the application process, the interactive gaming certificate holder shall provide the prospective interactive gaming account holder with a password to access the interactive gaming account or shall establish some other method approved by the board to authenticate the registered player as the holder of the interactive gaming account and allow the registered player access to the interactive gaming account.

(d) Grounds for rejection.—Any individual who provides false or misleading information in the application for an interactive gaming account may be subject to rejection of the application or cancellation of the account by the interactive gaming certificate holder.

(e) Suspension of interactive gaming account.—The interactive gaming certificate holder shall have the right to suspend or close any interactive gaming account or declare all or any part of an interactive gaming account closed for wagering at its discretion.

(f) Persons prohibited from establishing or maintaining an interactive gaming account.—The following persons shall not be entitled to establish or maintain an interactive gaming account:

(1) A person under 21 years of age.

(2) A person on the list of persons who are or will be excluded or ejected from or denied access to any licensed facility under section 1514 (relating to regulation requiring exclusion, ejection or denial of access of certain persons), 1515 (relating to repeat offenders excludable from licensed gaming facility) or 1516 (relating to list of persons self excluded from gaming activities).

(3) A gaming employee, key employee or principal employee of a slot machine licensee and any employee or key employee of an interactive gaming operator.

§ 13B23. Interactive gaming account credits, debits, deposits and payments.

(a) Duty of board.—The board shall, by regulation, develop procedures to govern credits, debits and deposits to interactive gaming accounts. Notwithstanding any provision of this part to the contrary, all credits, debits and deposits to interactive gaming accounts shall be made in accordance with regulations promulgated by the board, in consultation with the department, and all payments of winnings shall be made in accordance with the rules of each authorized interactive game.

(b) Rights of interactive gaming certificate holder.—An interactive gaming certificate holder shall have the right to:

(1) Credit an interactive gaming account as part of a promotion.

(2) Refuse all or part of any wager or deposit to the interactive gaming account of a registered player.

§ 13B24. Acceptance of wagers.

(a) Acceptance.—An interactive gaming certificate holder may accept wagers only as follows:

(1) The wager shall be placed directly with the interactive gaming certificate holder by the registered player, after the interactive gaming certificate holder has verified the identity of the individual seeking to place the wager.

(2) The registered player provides the interactive gaming certificate holder with the correct password or other authentication information for access to the interactive gaming account.

(b) Nonacceptance.—An interactive gaming certificate holder may not accept a wager in an amount in excess of funds on deposit in the interactive gaming account of the registered player placing the wager. Funds on deposit include amounts credited to a registered player's interactive gaming account in accordance with regulations of the board and any funds in the account at the time the wager is placed.

§ 13B25. Dormant interactive gaming accounts.

Before closing a dormant interactive gaming account, the interactive gaming certificate holder shall attempt to contact the interactive gaming account holder by mail, phone and e-mail to inform the account holder that the interactive gaming account is inactive and may be subject to termination. The time and manner of terminating a dormant interactive gaming account shall be prescribed by regulation of the board.

§ 13B26. Log-in procedure required.

Each interactive gaming certificate holder shall establish a log-in procedure for a registered player to access interactive gaming. The log-in procedure shall include the provision of the appropriate authentication information by the registered player for access to the registered player's interactive gaming account. The interactive gaming certificate holder shall not allow a registered player to log in and access an interactive gaming account unless the correct password or other authentication information is provided.

§ 13B27. Information provided at login.

The interactive gaming certificate holder shall configure its interactive gaming skin or interactive gaming website to include a link that, upon login, will allow a registered player to access all of the following information:

(1) The current amount of funds in the registered player's interactive gaming account.

(2) The wins and losses since the registered player's interactive gaming account was established.

(3) The wins and losses at the beginning of the current gaming session and the wins and losses at the end of the current gaming session.

(4) The complete text in searchable format of the rules of each authorized interactive game offered by the interactive gaming certificate holder and any other information as the board may require.

§ 13B28. Prohibitions.

Except as provided in this part, no interactive gaming certificate holder or any person licensed under this part to operate interactive gaming or an interactive gaming system and no person acting on behalf of, or under any arrangement with, an interactive gaming certificate holder or other person licensed under this part shall:

(1) Make any loan to any person for the purpose of crediting an interactive gaming account.

(2) Release or discharge any debt, either in whole or in part, or make any loan which represents any losses incurred by any registered player while playing an authorized interactive game without maintaining a written record thereof in accordance with regulations of the board.

§ 13B29. Commencement of interactive gaming operations.

An interactive gaming certificate holder may not operate or offer interactive games for play on its interactive gaming skin or interactive gaming website until the board determines that:

(1) The interactive gaming certificate holder is in compliance with the requirements of this chapter.

(2) The interactive gaming certificate holder's internal, administrative and accounting controls are sufficient to meet the requirements of section 13B32 (relating to internal, administrative and accounting controls) and have been implemented.

(3) The interactive gaming certificate holder's interactive gaming employees, where applicable, are licensed, permitted, registered, certified or otherwise authorized by the board to perform their respective duties.

(4) The employees of the interactive gaming operator, if any, that is conducting interactive gaming on behalf of the interactive gaming certificate holder are, where applicable, licensed, permitted or otherwise authorized by the board to perform their duties.

(5) The interactive gaming certificate holder is prepared in all respects to offer interactive gaming to the public over its interactive gaming skin or interactive gaming website.

(6) The interactive gaming certificate holder has implemented necessary security arrangements and surveillance systems for the operation of interactive gaming.

(7) The interactive gaming certificate holder is in compliance with or will comply with section 13B31 (relating to responsibilities of interactive gaming certificate holder).

(8) The board has approved the interactive gaming agreement between the interactive gaming certificate holder and the interactive gaming operator, if applicable.

**SUBCHAPTER D
FACILITIES AND EQUIPMENT**

Sec.

13B31. Responsibilities of interactive gaming certificate holder.

13B32. Internal, administrative and accounting controls.

§ 13B31. Responsibilities of interactive gaming certificate holder.

(a) Facilities and equipment.—All facilities and interactive gaming devices and associated equipment shall:

(1) Be arranged in a manner promoting appropriate security for interactive gaming.

(2) Include a closed-circuit video monitoring system according to rules or specifications approved by the board, with board absolute access to the interactive gaming certificate holder's interactive gaming skin, interactive gaming website and interactive gaming platform, signal or transmission used in connection with interactive gaming.

(3) Not be designed in any way that might interfere with or impede the board in its regulation of interactive gaming.

(4) Comply in all respects with regulations of the board.

(b) Location of equipment and interactive gaming restricted areas.—

(1) All interactive gaming devices and associated equipment used by an interactive gaming certificate holder or an interactive gaming licensee to conduct interactive gaming may be located, with the prior approval of the board, in an interactive gaming restricted area on the premises of the licensed facility, in an interactive gaming restricted area within the geographic limits of the county in this Commonwealth where the licensed facility is situated or in any other area approved by the board.

(2) All wagers associated with interactive gaming shall be deemed to be placed, initiated and received when received by the interactive gaming certificate holder.

§ 13B32. Internal, administrative and accounting controls.

(a) Submissions to board.—Notwithstanding any provision of this part, each slot machine licensee who holds or has applied for an interactive gaming certificate in accordance with this chapter shall submit a description of its system of internal procedures and administrative and accounting controls for interactive gaming to the board, including provisions that provide for real-time monitoring, recordation or storage of all interactive games and a description of any changes to its procedures and controls. The submission shall be made at least 90 days before interactive gaming is to commence or at least 90 days before any change in those procedures or controls is to take effect, unless otherwise directed by the board.

(b) Filing.—Notwithstanding subsection (a), the procedures and controls may be implemented by an interactive gaming certificate holder upon the filing of the procedures and controls with the board. Each procedure or control submission shall contain both narrative and diagrammatic representations of the system to be utilized and shall include but need not be limited to:

(1) *Accounting controls, including the standardization of forms and definition of terms to be utilized in the interactive gaming operations.*

(2) *Procedures, forms and, where appropriate, formulas to govern the following:*

- (i) *calculation of hold percentages;*
- (ii) *revenue drops;*
- (iii) *expense and overhead schedules;*
- (iv) *complimentary services; and*
- (v) *cash-equivalent transactions.*

(3) *Job descriptions and the system of personnel and chain of command, establishing a diversity of responsibility among employees engaged in interactive gaming operations, including employees of an interactive gaming operator, and identifying primary and secondary management and supervisory positions for areas of responsibility, salary structure and personnel practices.*

(4) *Procedures for the registration of players and establishment of interactive gaming accounts, including a procedure for authenticating the age, identity and physical address of an applicant for an interactive gaming account and whether the applicant is a person prohibited from establishing or maintaining an account under section 13B22 (relating to establishment of interactive gaming accounts).*

(5) *Procedures for terminating a registered player's interactive gaming account and the return of any funds remaining in the interactive gaming account to the registered player.*

(6) *Procedures for suspending or terminating a dormant interactive gaming account and the return of any funds remaining in the dormant interactive gaming account to the registered player.*

(7) *Procedures for the logging in and authentication of a registered player in order to enable the player to commence interactive gaming and the logging off of the registered player when the player has completed play, including a procedure to automatically log a registered player out of the player's interactive gaming account after a specified period of inactivity.*

(8) *Procedures for the crediting and debiting of a registered player's interactive gaming account.*

(9) *Procedures for cashing checks, receiving electronic negotiable instruments and for redeeming chips, tokens or other cash equivalents.*

(10) *Procedures for withdrawing funds from an interactive gaming account by the registered player.*

(11) *Procedures for the protection of a registered player's funds, including the segregation of a registered player's funds from operating funds of the interactive gaming certificate holder.*

(12) *Procedures for recording transactions pertaining to interactive gaming.*

(13) *Procedures for the security and sharing of personally identifiable information of a registered player, funds in an interactive gaming account and other information as required by the board. The procedures shall include the means by which an interactive gaming certificate holder or interactive gaming operator will provide notice to a*

registered player related to the sharing of personally identifiable information. For the purpose of this paragraph, "personally identifiable information" shall mean any data or information that can be used, on its own or with other data or information, to identify, contact or otherwise locate a registered player, including a registered player's name, address, date of birth and Social Security number.

(14) Procedures and security for the calculation and recordation of revenue.

(15) Procedures for the security of interactive gaming devices and associated equipment.

(16) Procedures and security standards as to receipt, handling and storage of interactive gaming devices and associated equipment.

(17) Procedures and security standards to protect the interactive gaming certificate holder's interactive gaming skin or interactive gaming website and interactive gaming devices and associated equipment from hacking or tampering by any person.

(18) Procedures for responding to suspected or actual hacking or tampering with an interactive gaming certificate holder's interactive gaming skin or interactive gaming website and interactive gaming devices and associated equipment, including partial or complete suspension of interactive gaming or the suspension of any or all interactive gaming accounts when warranted.

(19) Procedures to verify each registered player's physical location each time a registered player logs into his or her interactive gaming account and at appropriate intervals thereafter as determined by the board.

(20) Procedures to ensure that the interactive games are fair and honest and that appropriate measures are in place to deter, detect and, to the extent possible, to prevent cheating, including collusion, and use of cheating devices, including the use of software programs that make wagers according to algorithms.

(21) Procedures to assist problem and compulsive gamblers, including procedures intended to prevent a person from participating in authorized interactive gaming in accordance with sections 1514 (relating to regulation requiring exclusion, ejection or denial of access of certain persons), 1515 (relating to repeat offenders excludable from licensed gaming facility) and 1516 (relating to list of persons self excluded from gaming activities).

(22) Procedures to govern emergencies, including suspected or actual cyber attacks, hacking or tampering with the interactive gaming certificate holder's interactive gaming skin, interactive gaming platform or interactive gaming website. The procedures shall include the process for the reconciliation or repayment of a registered player's interactive gaming account.

(c) Review of submissions.—

(1) The board shall review each submission required by subsections (a) and (b) and shall determine whether the submission conforms to the requirements of this chapter and regulations promulgated by the board and whether the system submitted provides adequate and effective

controls for interactive gaming of the interactive gaming certificate holder making the submission.

(2) If the board determines that the submission is not sufficient, it shall specify the insufficiencies in writing to the interactive gaming certificate holder, who shall make appropriate alterations to ensure compliance with the requirements of this chapter and regulations of the board. When the board determines a submission to be adequate in all respects, it shall notify the interactive gaming certificate holder.

(3) Except as otherwise provided in subsection (a) or an emergency situation threatening the integrity of the interactive gaming platform, no interactive gaming certificate holder, interactive gaming operator or other person shall commence or alter interactive gaming operations unless and until the system of procedures, controls and alternations is submitted to and approved by the board.

SUBCHAPTER E TESTING AND CERTIFICATION

Sec.

13B41. Interactive games and interactive gaming devices and associated equipment testing and certification standards.

§ 13B41. Interactive games and interactive gaming devices and associated equipment testing and certification standards.

(a) Testing required.—

(1) No interactive game or interactive gaming device or associated equipment shall be used to conduct interactive gaming unless it has been tested and certified by the board. The board may, in its discretion and for the purpose of expediting the approval process, refer testing to any testing laboratory as approved by the board.

(2) The board shall establish, by regulation, technical standards for approval of interactive games and interactive gaming devices and associated equipment, including standards to govern mechanical, electrical or program reliability and security against tampering and threats, as it may deem necessary to protect a registered player from fraud or deception and to ensure the integrity of interactive gaming.

(b) Cost of testing and certification.—Any costs associated with the board's testing and certification under this section shall be assessed on persons authorized by the board to manufacture, supply, distribute or otherwise provide interactive games and interactive gaming devices and associated equipment to interactive gaming certificate holders or to interactive gaming operators in this Commonwealth. The costs shall be assessed in accordance with a schedule adopted by the board.

(c) Use of other state standards.—The board may determine whether the testing and certification standards for interactive games and interactive gaming devices and associated equipment as adopted by another jurisdiction within the United States are comprehensive and thorough and provide similar and adequate safeguards as those required by this chapter and regulations of the board. If the board makes that determination, it may permit the person authorized to manufacture, supply, distribute or otherwise provide interactive games and interactive gaming devices or

associated equipment that have met the testing and certification standard in such other jurisdiction to furnish interactive games or interactive gaming devices and associated equipment to interactive gaming certificate holders in this Commonwealth without undergoing the full testing and certification under this section.

**SUBCHAPTER F
TAXES AND FEES**

Sec.

13B51. Interactive gaming authorization fee.

13B52. Interactive gaming tax.

13B53. Local share assessment.

13B54. Compulsive and problem gambling.

13B55. Certificate holder deposits.

§ 13B51. Interactive gaming authorization fee.

(a) Amount of authorization fee.—

(1) Each slot machine licensee that is issued an interactive gaming certificate to conduct interactive gaming in accordance with section 13B11 (relating to authorization to conduct interactive gaming) shall pay a one-time nonrefundable authorization fee in the following amount:

(i) \$10,000,000 if the slot machine licensee filed a petition under 13B12 (relating to interactive gaming certificate required and content of petition) within 90 days after the date the board begins accepting petitions under this chapter, or, for a slot machine licensee licensed after the effective date of this section, within 90 days of the issuance of the slot machine license.

(ii) \$4,000,000 for each category of interactive game authorized by the board if the slot machine licensee filed a petition under 13B12 more than 90 days but not more than 120 days after the date the board begins accepting petitions under this chapter, or, for a slot machine licensee licensed after the effective date of this section, more than 90 days but not more than 120 days after the issuance of the slot machine license.

(2) Each qualified gaming entity that is issued an interactive gaming certificate to conduct interactive gaming in accordance with section 13B11 shall pay a one-time nonrefundable authorization fee in the amount of \$4,000,000 for each category of interactive game authorized by the board.

(3) Each interactive gaming operator shall pay a one-time nonrefundable authorization fee in the amount of \$1,000,000.

(b) Payment of fee.—Persons required to pay the authorization fee under subsection (a) shall remit the fee to the board within 60 days of the board's approval of its petition, license or conditional authorization.

(c) Renewal fee.—

(1) Notwithstanding any other provision of this chapter, an interactive gaming certificate holder shall pay a renewal fee in the amount of \$250,000 upon the renewal of its interactive gaming certificate.

(2) Each interactive gaming operator shall pay a renewal fee of \$100,000 upon the renewal of its interactive gaming license.

(d) Deposit of fees.—The fees imposed and collected under this section shall be deposited in the General Fund.

§ 13B52. Interactive gaming tax.

(a) Imposition of tax.—Each interactive gaming certificate holder that conducts interactive gaming shall report to the department and pay from its daily gross interactive gaming revenue, on a form and in the manner prescribed by the department, a tax of:

(1) 14% of its daily gross interactive gaming revenue from peer-to-peer interactive games;

(2) 14% of its daily gross interactive gaming revenue from non-peer-to-peer interactive games which simulate table games; and

(3) 52% of its daily gross interactive gaming revenue from non-peer-to-peer interactive games which simulate slot machines.

(b) Deposits and distributions.—

(1) The tax imposed under subsection (a) shall be payable to the department on a weekly basis and shall be based upon gross interactive gaming revenue derived during the previous week.

(2) An interactive gaming certificate holder shall establish a separate bank account into which gross interactive gaming revenue shall be deposited and maintained until such time as the funds are paid to the department under this section.

(c) Taxes on out-of-State wagering.—The tax rate which shall be assessed and collected by the department with respect to wagers placed by registered players located in this Commonwealth with an interactive gaming operator located outside of this Commonwealth, but authorized under an interactive gaming reciprocal agreement, shall be governed by the agreement but may not be less than the tax imposed under subsection (a).

(d) Deposit of funds.—From the tax imposed under subsections (a) and (c), the following shall apply:

(1) Taxes imposed under subsection (a)(1) and (2) shall be deposited into the General Fund.

(2) Taxes imposed under subsection (a)(3) shall be distributed as follows:

(i) Sixty-five percent shall be deposited into the Property Tax Relief Fund established under section 1409 (relating to Property Tax Relief Fund).

(ii) Ten percent shall be deposited into a restricted receipt account within the State Treasury. Money in the restricted receipt account is appropriated to the department on a continuing basis for the purposes under this paragraph. Beginning in fiscal year 2018-2019 and each fiscal year thereafter, distributions from the restricted receipt account shall be as follows:

(A) The department shall determine whether a county hosting a licensed facility received less than the amount the county received during fiscal year 2017-2018 under section 1403(c) (relating to establishment of State Gaming Fund and

net slot machine revenue distribution). If the department determines that the county hosting a licensed facility received less than the amount the county received during fiscal year 2017-2018 under section 1403(c), the department shall calculate the difference.

(B) The department shall make distributions from the restricted receipt account to any county determined under clause (A) to receive less in the current fiscal year than the county did in fiscal year 2017-2018. The amount distributed to a county under this paragraph may not exceed the difference between the amount received under 1403(c) in the current fiscal year and the amount received under 1403(c) in fiscal year 2017-2018.

(C) If more than one county is owed funds under clause (B) and there are insufficient funds in the account to pay each county the entire amount of the decrease experienced by that county, each county shall receive funds in proportion of that county's decrease to the total amount of all decreases.

(D) The department shall make distributions required under this paragraph no later than within 60 days after the end of the fiscal year.

(E) Undistributed funds shall remain in the account and not lapse.

(3) Twenty-five percent shall be deposited 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 in the Commonwealth.

§ 13B53. Local share assessment.

(a) Required payment.—In addition to the tax imposed under section 13B52 (relating to interactive gaming tax), each interactive gaming certificate holder that conducts interactive gaming shall pay on a weekly basis, on a form and in a manner prescribed by the department, a local share assessment equal to 2% of the interactive gaming certificate holder's daily gross interactive gaming revenue.

(b) Deposit and distribution.—The department shall, on a quarterly basis, deposit the local share assessment imposed under subsection (a) as follows:

(1) The following shall apply:

(i) Except as provided under subparagraphs (ii), (iii) and (iv), 50% shall be added to and distributed according to the county classification of the host county and the slot machine license category of the interactive gaming certificate holder under section 1403(c)(2) (relating to establishment of State Gaming Fund and net slot machine revenue distribution).

(ii) If a host county is both a county of the first class and a city of the first class which is coterminous, 50% shall be distributed to a school district of the first class.

(iii) If a host county of the interactive gaming certificate holder is a home rule county of the second class A where a Category 1 slot machine licensee is located at a harness racetrack, 50% shall be

distributed to an authority created by the host county under 53 Pa.C.S. Ch. 56 (relating to municipal authorities), to be used for grants within the interactive gaming certificate holder's host county. Grants awarded by the authority shall be used for economic development, municipal police and emergency services and other purposes in the public interest.

(iv) If an interactive gaming certificate holder does not have a licensed gaming facility located in this Commonwealth, 50% shall be added to and distributed with the amount deposited under subsection (b)(2).

(2) Fifty percent shall be deposited 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 in the Commonwealth.

§ 13B54. Compulsive and problem gambling.

The following shall apply:

(1) Each year, from the tax imposed in section 13B52 (relating to interactive gaming tax), an amount equal to .002 multiplied by the total gross interactive gaming revenue of all active and operating interactive gaming certificate holders shall be transferred into the Compulsive and Problem Gambling Treatment Fund established in section 1509 (relating to compulsive and problem gambling program).

(2) Each year, from the tax imposed in section 13B52, an amount equal to .002 multiplied by the total gross interactive gaming revenue of all active and operating interactive gaming certificate holders shall be transferred to the Department of Drug and Alcohol Programs or successor agency to be used for drug and alcohol addiction treatment services, including treatment for drug and alcohol addiction related to compulsive and problem gambling, as set forth in section 1509.1 (relating to drug and alcohol treatment).

§ 13B55. Certificate holder deposits.

(a) Deposits.—

(1) The department shall determine the appropriate assessment amount for each interactive gaming certificate holder, which amount shall be a percentage assessed on the interactive gaming certificate holder's gross interactive gaming revenues. Each interactive gaming certificate holder shall deposit funds into its account under section 1401 (relating to slot machine licensee deposits) on a weekly basis.

(2) The percentage assessed shall not exceed an amount necessary to recover costs or expenses incurred by the board and the department in carrying out powers and duties under this chapter based on a budget submitted by the board and the department under subsection (b).

(b) Itemized budget reporting.—

(1) The board and the department shall prepare and annually submit to the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives an itemized budget consisting of amounts to be

appropriated out of the accounts established under this section as necessary to administer this chapter.

(2) The itemized budget required under paragraph (1) shall be submitted in conjunction with the budget required to be submitted under section 1202(b)(28) (relating to general and specific powers).

(c) Appropriation.—Costs and expenses from accounts established under section 1401 shall only be disbursed upon appropriation by the General Assembly.

(d) Penalty.—

(1) An interactive gaming certificate holder that fails to timely remit to the department amounts required under this section shall be subject to, in addition to liability imposed in this chapter, a penalty of 5% per month up to a maximum of 25% of the amounts ultimately found to be due. The penalty shall be recovered by the department.

(2) Penalties imposed under this subsection shall be deposited into the General Fund.

SUBCHAPTER G MISCELLANEOUS PROVISIONS

Sec.

13B61. Participation in interactive gaming outside Commonwealth.

13B62. Institutional investors.

13B63. Internet cafes and prohibition.

§ 13B61. Participation in interactive gaming outside Commonwealth.

Notwithstanding any other provision of this chapter to the contrary, an interactive gaming certificate holder may accept interactive gaming wagers from a person who is not physically located in this Commonwealth or may accept interactive gaming wagers from a person physically present in this Commonwealth and transmit such wagers to an interactive gaming platform operated by one or more operators licensed in a foreign jurisdiction where interactive gaming is permitted if the board determines the following:

(1) participation in interactive gaming and acceptance of wagers associated with interactive gaming from a person not physically located in this Commonwealth or accepting interactive gaming wagers from a person physically present in this Commonwealth and transmitting such wagers to an interactive gaming platform operated by one or more operators licensed in a foreign jurisdiction where interactive gaming is permitted is not inconsistent with Federal law or regulation or the law or regulation of the state or jurisdiction in which the person or operator is located; and

(2) participation in interactive gaming is conducted pursuant to an interactive gaming reciprocal agreement with the state or jurisdiction where the person is located and the interactive gaming reciprocal agreement is not inconsistent with Federal law or regulation.

§ 13B62. Institutional investors.

(a) Declaration of investment intent.—Notwithstanding any other provision of this part, the following shall apply:

(1) *An institutional investor holding 20% or less of the equity securities of an interactive gaming certificate holder's, interactive gaming operator's or applicant's holding, subsidiary or intermediary companies shall be granted a waiver of any investigation of suitability or other requirement if the securities are those of a corporation, whether publicly traded or privately held, and the holdings of the securities were purchased for investment purposes only. The institutional investor shall file a certified statement that it has no intention of influencing or affecting the affairs of the interactive gaming certificate holder, interactive gaming operator, applicant or any holding, subsidiary or intermediary company of an interactive gaming certificate holder, interactive gaming operator or applicant. However, an institutional investor shall be permitted to vote on matters put to the vote of the outstanding security holders.*

(2) *The board may grant a waiver to an institutional investor holding a higher percentage of securities upon a showing of good cause and if the other conditions specified in paragraph (1) are met.*

(3) *An institutional investor granted a waiver under this subsection who subsequently decides to influence or affect the affairs of an interactive gaming certificate holder, interactive gaming operator or applicant's holding, subsidiary or intermediary company of an interactive gaming certificate holder, interactive gaming operator or applicant shall provide not less than 30 days' notice of intent and shall file with the board a request for determination of suitability before taking any action that may influence or affect such affairs. An institutional investor shall be permitted to vote on matters put to the vote of the outstanding security holders.*

(4) *If an institutional investor changes its investment intent or if the board finds reasonable cause to believe that the institutional investor may be found unsuitable, no action other than divestiture shall be taken by the institutional investor with respect to its security holdings until there has been compliance with any requirements established by the board, which may include the execution of a trust agreement in accordance with section 1332 (relating to appointment of trustee).*

(5) *The interactive gaming certificate holder or interactive gaming operator or applicant or any holding, intermediary or subsidiary company of an interactive gaming certificate holder, interactive gaming operator or applicant shall notify the board immediately of any information about, or actions of, an institutional investor holding its equity securities where the information or action may impact the eligibility of the institutional investor for a waiver under this subsection.*

(b) *Failure to declare.—If the board finds:*

(1) *that an institutional investor holding any security of a holding or intermediary company of an interactive gaming certificate holder or interactive gaming operator or applicant or, where relevant, of another subsidiary company of a holding or intermediary company of an interactive gaming certificate holder or interactive gaming operator or applicant which is related in any way to the financing of the interactive*

gaming certificate holder or interactive gaming operator or applicant, fails to comply with the provisions of subsection (a); or

(2) by reason of the extent or nature of its holdings, an institutional investor is in a position to exercise such a substantial impact upon the controlling interests of an interactive gaming certificate holder or interactive gaming operator or applicant that investigation and determination of suitability of the institutional investor is necessary to protect the public interest;

then the board may take any necessary action otherwise authorized under this chapter to protect the public interest.

§ 13B63. Internet cafes and prohibition.

(a) General rule.—No person shall operate a place of public accommodation, club, including a club or association limited to dues-paying members or similar restricted groups, or similar establishment in which computer terminals or similar access devices are advertised or made available to be used principally for the purpose of accessing authorized interactive games. No interactive gaming certificate holder or interactive gaming operator shall offer or make available computer terminals or similar access devices to be used principally for the purpose of accessing interactive games within a licensed facility.

(b) Construction.—Nothing in this section shall be construed to require the owner or operator of a hotel or motel or other public place of general use in this Commonwealth to prohibit or block guests from playing authorized interactive games on their own computers or other devices.

(c) Computer access.—An interactive gaming certificate holder or interactive gaming operator shall prevent registered players within a licensed facility from accessing authorized interactive games on the registered player's own computers or other devices through the use of geospatial technologies.

**CHAPTER 13C
SPORTS WAGERING**

Subchapter

- A. General Provisions*
- B. Sports Wagering Authorized*
- C. Conduct of Sports Wagering*
- D. Sports Wagering Taxes and Fees*
- E. Miscellaneous Provisions*

**SUBCHAPTER A
GENERAL PROVISIONS**

Sec.

- 13C01. Definitions.*
- 13C02. Regulatory authority.*
- 13C03. Temporary sports wagering regulations.*
- 13C04. Unauthorized sports wagering.*

§ 13C01. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Gross sports wagering revenue."

(1) The total of cash or cash equivalents received from sports wagering minus the total of:

(i) Cash or cash equivalents paid to players as a result of sports wagering.

(ii) Cash or cash equivalents paid to purchase annuities to fund prizes payable to players over a period of time as a result of sports wagering.

(iii) The actual cost paid by the sports wagering certificate holder for any personal property distributed to a player as a result of sports wagering. This subparagraph does not include travel expenses, food, refreshments, lodging or services.

(2) The term does not include any of the following:

(i) Counterfeit cash or chips.

(ii) Coins or currency of other countries received as a result of sports wagering, except to the extent that the coins or currency are readily convertible to cash.

(iii) Cash taken in a fraudulent act perpetrated against a sports wagering certificate holder for which the sports wagering certificate holder is not reimbursed.

"Sporting event." A professional or collegiate sports or athletic event or a motor race event.

"Sports wagering." The business of accepting wagers on sporting events or on the individual performance statistics of athletes in a sporting event or combination of sporting events by any system or method of wagering, including over the Internet through websites and mobile applications. The term includes, but is not limited to, exchange wagering, parlays, over-under, moneyline, pools and straight bets. The term does not include:

(1) Pari-mutuel betting on the outcome of thoroughbred or harness horse racing as authorized under 3 Pa.C.S. Ch. 93 (relating to race horse industry reform).

(2) Lottery games of the Pennsylvania State Lottery as authorized under the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law.

(3) Bingo as authorized under the act of July 10, 1981 (P.L.214, No.67), known as the Bingo Law.

(4) Small games of chance as authorized under the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act.

(5) Slot machine gaming and progressive slot machine gaming as defined and authorized under this part.

(6) Keno.

(7) Fantasy contests.

(8) iLottery under Chapter 5 (relating to lottery).

"Sports wagering certificate." *A certificate awarded by the board under this chapter that authorizes a slot machine licensee to conduct sports wagering in accordance with this chapter.*

"Sports wagering certificate holder." *A slot machine licensee to whom the board has awarded a sports wagering certificate.*

"Sports wagering device." *The term includes any mechanical, electrical or computerized contrivance, terminal, machine or other device, apparatus, equipment or supplies approved by the board and used to conduct sports wagering.*

§ 13C02. Regulatory authority.

The board shall promulgate regulations:

(1) Establishing standards and procedures for sports wagering. *The standards and procedures shall provide for the conduct and implementation of sports wagering by slot machine licensees, including any new sports wagering or variations or composites of approved sports wagering, provided that the board determines that the new sports wagering or any variations or composites or other approved sports wagering are suitable for use after a test or experimental period under the terms and conditions as the board may deem appropriate.*

(2) Establishing standards and procedures to govern the conduct of sports wagering and the system of wagering, including the manner in which wagers are received, payouts are remitted and point spreads, lines and odds are determined. *The board may also promulgate regulations to govern the conduct of sports wagering and the system of wagering as a form of interactive gaming authorized by the Commonwealth.*

(3) Establishing the method for calculating gross sports wagering revenue and standards for the daily counting and recording of cash and cash equivalents received in the conduct of sports wagering, including ensuring that internal controls are followed and financial books and records are maintained and audits are conducted. *The board shall consult with the department in establishing the regulations under this paragraph.*

(4) Establishing notice requirements pertaining to minimum and maximum wagers on sports wagering.

(5) Establishing compulsive and problem gambling standards pertaining to sports wagering consistent with this part.

(6) Establishing standards prohibiting persons under 21 years of age from participating in sports wagering.

(7) Providing information pertaining to sports wagering in the board's annual report required under section 1211(a.1) (relating to reports of board).

(8) Requiring each sports wagering certificate holder to:

(i) Provide written information about sports wagering rules, payouts or winning wagers and other information as the board may require.

(ii) Provide specifications approved by the board under section 1207(11) (relating to regulatory authority of board) to integrate and update the licensed facility's surveillance system to cover all areas

in the licensed facility where sports wagering is conducted. The specifications shall include provisions providing the board and other persons authorized by the board with onsite access to the surveillance system or its signal.

(iii) Designate one or more locations within the licensed facility to conduct sports wagering.

(iv) Ensure that visibility of each sports wagering area in the licensed facility of the sports wagering certificate holder is not obstructed in any way that could interfere with the ability of the sports wagering certificate holder, the board and other persons authorized under this part or by the board to oversee the surveillance of the conduct of sports wagering.

(v) Integrate the licensed facility's count room to ensure maximum security of the counting and storage of cash and cash equivalents.

(vi) Equip each designated sports wagering area within the licensed facility with a sign indicating the permissible sports wagering minimum and maximum wagers.

(vii) Ensure that no person under 21 years of age participates in sports wagering.

§ 13C03. Temporary sports wagering regulations.

(a) Promulgation.—In order to facilitate the prompt implementation of this chapter, regulations promulgated by the board shall be deemed temporary regulations which shall expire not later than two years following the publication of the temporary regulations. The board may promulgate temporary regulations not subject to:

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

(2) Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

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

(b) Expiration.—Except for temporary regulations governing the rules of sports wagering approved by the board, the board's authority to adopt temporary regulations under subsection (a) shall expire two years after publication of the temporary regulations. Regulations adopted after this period shall be promulgated as provided by law.

§ 13C04. Unauthorized sports wagering.

(a) Offense defined.—

(1) It shall be unlawful for any person to operate, conduct, offer or expose sports wagering for play or to accept a bet or wager associated with sports wagering from any person physically located in this Commonwealth which at the time of play that is not within the scope of a valid sports wagering certificate issued by the board under this chapter.

(2) It shall be unlawful for any person to knowingly provide services with respect to any sports wagering or bet or wager specified in paragraph (1).

(b) Grading of offense.—A person who violates subsection (a) commits a misdemeanor of the first degree. For a second or subsequent violation of subsection (a), a person commits a felony of the second degree.

(c) Penalties.—

(1) For a first violation of subsection (a), a person shall be sentenced to pay a fine of:

- (i) not more than \$150,000, if the person is an individual;*
- (ii) not less than \$150,000 nor more than \$300,000, if the person is a licensed manufacturer or supplier; or*
- (iii) not less than \$300,000 nor more than \$600,000, if the person is a licensed gaming entity.*

(2) For a second or subsequent violation of subsection (a), a person shall be sentenced to pay a fine of:

- (i) not more than \$300,000, if the person is an individual;*
- (ii) not less than \$300,000 nor more than \$600,000, if the person is a licensed manufacturer or supplier; or*
- (iii) not less than \$600,000 nor more than \$1,200,000, if the person is a licensed gaming entity.*

(d) Forfeiture.—If a person engages in sports wagering from a location where sports wagering is unauthorized, the person shall forfeit all winnings and any forfeited winnings shall be deposited into the Compulsive and Problem Gambling Treatment Fund established under section 1509(b) (relating to compulsive and problem gambling program).

(e) Tax liability.—A person who offers sports wagering without a valid sports wagering certificate shall be liable for all taxes required by this chapter in the same manner and amounts as if the person were a licensee.

SUBCHAPTER B SPORTS WAGERING AUTHORIZED

Sec.

13C11. Authorization to conduct sports wagering.

13C12. Petition requirements.

13C13. Standard for review of petitions.

13C14. Award of certificate.

13C15. Sports wagering certificate.

13C16. Sports wagering by manufacturers.

§ 13C11. Authorization to conduct sports wagering.

(a) Persons who may be authorized.—

(1) (i) The board may authorize a slot machine licensee to conduct sports wagering and to operate a system of wagering associated with the conduct of sports wagering at the slot machine licensee's licensed facility, a temporary facility authorized under section 13C21(b) (relating to authorized locations for operation), an area authorized under section 13C21(c) or through an Internet-based system.

(ii) Authorization shall be contingent upon the slot machine licensee's agreement to ensure that sports wagering will be conducted in accordance with this part and any other conditions established by the board.

(iii) *Nothing in this part shall be construed to create a separate license governing the conduct of sports wagering by slot machine licensees within this Commonwealth.*

(2) *The board may authorize a sports wagering certificate holder to conduct sports wagering and to operate a system of wagering associated with the conduct of sports wagering as a form of interactive gaming authorized by the Commonwealth.*

(3) (i) *Except as provided in this part, all individuals wagering on sporting events through authorized sports wagering must be physically located within this Commonwealth or within a state or jurisdiction with which the board has entered a sports wagering agreement.*

(ii) *No individual under 21 years of age may make a wager or bet on sporting events through authorized sports wagering or have access to the designated sports wagering area of the licensed facility.*

(b) *Federal authorization.—*

(1) *The board shall, when Federal law is enacted or repealed or a Federal court decision is filed that permits a state to regulate sports wagering, publish a notice in the Pennsylvania Bulletin certifying the enactment or repeal or the filing of the decision.*

(2) *The board may not authorize the conduct of sports wagering in this Commonwealth until the notice is published as prescribed in paragraph (1).*

§ 13C12. *Petition requirements.*

(a) *General rule.—Unless otherwise prohibited under section 13A13 (relating to prohibitions), a slot machine licensee may seek approval to conduct sports wagering by filing a petition with the board, in a form and in a manner prescribed by the board.*

(b) *Petition contents.—A petition seeking authorization to conduct sports wagering shall include the following:*

(1) *The name, business address and contact information of the petitioner.*

(2) *The name, business address, job title and a photograph of each principal and key employee of the petitioner who will be involved in the conduct of sports wagering and who is not currently licensed by the board, if known.*

(3) *A brief description of the economic benefits expected to be realized by the Commonwealth, its municipalities and its residents if sports wagering is authorized at the petitioner's licensed facility.*

(4) *The details of any financing obtained or that will be obtained to fund an expansion or modification of the licensed facility to accommodate sports wagering and to otherwise fund the cost of commencing sports wagering.*

(5) *Information and documentation concerning financial background and resources, as the board may require, to establish by clear and convincing evidence the financial stability, integrity and responsibility of the petitioner.*

(6) *Information and documentation, as the board may require, to establish by clear and convincing evidence that the petitioner has*

sufficient business ability and experience to create and maintain a successful sports wagering operation. In making this determination, the board may consider the performance of the petitioner's slot machine and table game operation, including financial information, employment data and capital investment.

(7) Information and documentation, as the board may require, to establish by clear and convincing evidence that the petitioner has or will have the financial ability to pay the authorization fee under section 13C61 (relating to sports wagering authorization fee).

(8) Detailed site plans identifying the petitioner's proposed sports wagering area within the licensed facility.

(9) Other information as the board may require.

(c) Confidentiality.—Information submitted to the board under subsection (b)(4), (5), (6), (7) and (8) may be considered confidential by the board if the information would be confidential under section 1206(f) (relating to board minutes and records).

§ 13C13. Standard for review of petitions.

(a) General rule.—The board shall approve a petition if the petitioner establishes, by clear and convincing evidence, all of the following:

(1) The petitioner's slot machine license and table game operation certificate are in good standing with the board.

(2) The conduct of sports wagering at the petitioner's licensed facility will increase revenues and employment opportunities.

(3) The petitioner possesses adequate funds or has secured adequate financing to:

(i) Fund any necessary expansion or modification of the petitioner's licensed facility to accommodate the conduct of sports wagering.

(ii) Pay the authorization fee in accordance with section 13C61 (relating to sports wagering authorization fee).

(iii) Commence sports wagering operations at its licensed facility.

(4) The petitioner has the financial stability, integrity and responsibility to conduct sports wagering.

(5) The petitioner has sufficient business ability and experience to create and maintain a successful sports wagering operation.

(6) The petitioner's proposed internal and external security and proposed surveillance measures within the area of the licensed facility where the petitioner seeks to conduct sports wagering are adequate.

(7) The petitioner has satisfied the petition application requirements and provided any other information required by section 13C12(b) (relating to petition requirements).

(b) Timing of approval.—The board shall approve or deny a petition within 120 days following receipt of the completed petition.

§ 13C14. Award of certificate.

(a) General rule.—Upon approval of a petition, the board shall award a sports wagering certificate to the petitioner. The award of a sports wagering certificate prior to the payment in full of the authorization fee required by section 13C61 (relating to sports wagering authorization fee)

shall not relieve the petitioner from complying with the provisions of section 13C61.

(b) *Statement of conditions.*—Upon awarding a sports wagering operation certificate, the board shall amend the slot machine licensee's statement of conditions pertaining to the requirements of this chapter.

(c) *Term of sports wagering certificate.*—Subject to the power of the board to deny, revoke or suspend a sports wagering certificate issued in accordance with the requirements of this section, a sports wagering certificate shall be renewed every five years and shall be subject to the requirements of section 1326 (relating to renewals).

§ 13C15. *Sports wagering certificate.*

The following shall apply:

(1) A sports wagering certificate shall be in effect unless:

(i) suspended or revoked by the board consistent with the requirements of this part;

(ii) the slot machine license held by the sports wagering certificate holder is suspended, revoked or not renewed by the board consistent with the requirements of this part; or

(iii) the sports wagering certificate holder relinquishes or does not seek renewal of its slot machine license.

(2) A sports wagering certificate holder that fails to abide by this chapter or any condition contained in the slot machine licensee's statement of conditions governing the conduct of sports wagering shall be subject to board-imposed administrative sanctions or other penalties authorized under this part.

§ 13C16. *Sports wagering manufacturers.*

A person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs, sells, leases, offers or otherwise makes modifications to any sports wagering device or associated equipment for use or operation in this Commonwealth for sports wagering purposes shall be licensed by the board under section 1317.1 (relating to manufacturer licenses) and shall be subject to application and licensure fees and fines as prescribed under section 1208 (relating to collection of fees and fines), as determined by the board.

SUBCHAPTER C CONDUCT OF SPORTS WAGERING

Sec.

13C21. *Authorized locations for operation.*

13C22. *Commencement of sports wagering operations.*

13C23. *Condition of continued operation.*

13C24. *Principals, key employees and occupation permits.*

13C25. *Application of Clean Indoor Air Act.*

13C26. *Application of Liquor Code.*

§ 13C21. *Authorized locations for operation.*

(a) *Restriction.*—A sports wagering certificate holder may only be permitted to conduct sports wagering at a licensed facility, a temporary facility authorized under subsection (b), an area authorized under subsection (c) or through an Internet-based system.

(b) Temporary facilities.—The board may permit a sports wagering certificate holder to conduct sports wagering at a temporary facility that is physically connected to, attached to or adjacent to a licensed facility, as approved by the board, for a period not to exceed 18 months.

(c) Powers and duties of board.—

(1) Upon request made by a sports wagering certificate holder, the board, in consultation with the commission, may determine the suitability of a Category 1 licensed gaming entity that is also a licensed racing entity authorized to conduct pari-mutuel wagering at nonprimary locations under 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) to conduct sports wagering at nonprimary locations.

(2) No sports wagering certificate holder may be approved to conduct sports wagering in a nonprimary location unless the areas of the nonprimary location where sports wagering will be conducted are equipped with adequate security and surveillance equipment to ensure the integrity of the conduct of sports wagering.

(3) An authorization granted under this subsection may not:

(i) Impose any criteria or requirements regarding the contents or structure of a nonprimary location that are unrelated to the conduct of sports wagering.

(ii) Authorize the placement or operation of slot machines or table games in a nonprimary location.

§ 13C22. Commencement of sports wagering operations.

No sports wagering certificate holder may operate or offer sports wagering until the board determines that:

(1) The sports wagering certificate holder is in compliance with the requirements of this part.

(2) The sports wagering certificate holder is prepared in all respects to offer sports wagering play to the public at the licensed facility.

(3) The sports wagering certificate holder has implemented necessary internal and management controls and security arrangements and surveillance systems for the conduct of sports wagering.

(4) The sports wagering certificate holder is in compliance with or has complied with section 13C61 (relating to sports wagering authorization fee).

(5) Other conditions as the board may require to implement the conduct of sports wagering.

§ 13C23. Condition of continued operation.

As a condition of continued operation, a sports wagering certificate holder shall maintain all books, records and documents pertaining to sports wagering in a manner and location within this Commonwealth as approved by the board. All books, records and documents related to sports wagering shall be:

(1) segregated by separate accounts within the sports wagering certificate holder's books, records and documents, except for any books, records or documents that are common to slot machine, table game and sports wagering operations and approved by the board;

(2) immediately available for inspection upon request of the board, the bureau, the department, the Pennsylvania State Police or the

Attorney General, or agents thereof and, if the sports wagering certificate holder is conducting sports wagering at a nonprimary location, upon the request of the commission, during all hours of operation of the sports wagering certificate holder in accordance with regulations promulgated by the board; and

(3) maintained for a period as the board, by regulation, may require.

§ 13C24. Principals, key employees and occupation permits.

The following shall apply:

(1) Except as provided under paragraph (2), each applicant for a principal license, key employee license or gaming employee occupation permit shall:

(i) Consent to a background investigation to be conducted by the bureau.

(ii) Submit to fingerprinting by the Pennsylvania State Police or an authorized agent of the Pennsylvania State Police. The Pennsylvania State Police or the authorized agent shall submit the fingerprints to the Federal Bureau of Investigation for purposes of verifying the identity of the individual and obtaining records of criminal arrests and convictions.

(iii) Submit photographs consistent with the standards established by the board.

(2) Nothing in this part shall be construed to require any individual who holds a principal license, a key employee license or a gaming employee occupation permit under Chapters 13 (relating to licensees), 13A (relating to table games) and 16 (relating to junkets) to obtain a separate license or permit to be employed in a sports wagering certificate holder's sports wagering operation authorized under this chapter.

§ 13C25. Application of Clean Indoor Air Act.

For the purpose of section 3(b)(11) of the act of June 13, 2008 (P.L.182, No.27), known as the Clean Indoor Air Act, the term "gaming floor" shall include the areas of any facility where the sports wagering certificate holder is authorized to conduct sports wagering, except such areas off the gaming floor where contests or tournaments are conducted unless smoking is otherwise permitted in such areas.

§ 13C26. Application of Liquor Code.

The provisions of section 493(24)(ii) of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, shall also apply to sports wagering.

**SUBCHAPTER D
SPORTS WAGERING TAXES AND FEES**

Sec.

13C61. Sports wagering authorization fee.

13C62. Sports wagering tax.

13C63. Local share assessment.

13C64. Compulsive and problem gambling.

§ 13C61. Sports wagering authorization fee.

(a) *Amount.*—Each slot machine licensee that is issued a sports wagering certificate to conduct sports wagering in accordance with section 13C11 (relating to authorization to conduct sports wagering) shall pay a one-time nonrefundable authorization fee in the amount of \$10,000,000.

(b) *Payment of fee.*—A slot machine licensee shall remit the authorization fee under subsection (a) to the board within 60 days of the approval of a petition to conduct sports wagering. Sports wagering may not be conducted until the fee under subsection (a) is paid in full.

(c) *Renewal fee.*—Notwithstanding any other provision of this chapter, a slot machine licensee that is issued a sports wagering certificate shall pay a renewal fee in the amount of \$250,000 upon the renewal of its sports wagering certificate in accordance with sections 1326 (relating to renewals) and 13C14(c) (relating to award of certificate).

(d) *Failure to pay by deadline.*—If a petitioner or sports wagering certificate holder fails to pay the required authorization fee in full within the 60-day time period, the board shall impose a penalty and may grant the petitioner or sports wagering certificate holder up to a six-month extension to pay the authorization fee or any remaining portion of the authorization fee and the penalty.

(e) *Suspension of certificate.*—The board shall suspend the sports wagering certificate if the sports wagering certificate holder fails to pay the total authorization fee and the penalty prior to the expiration of an extension period granted under subsection (d). The suspension shall remain in effect until final payment is made.

(f) *Deposit of fees.*—Notwithstanding section 1208 (relating to collection of fees and fines), all sports wagering authorization fees, manufacturer license fees, manufacturer renewal fees and all fees for licenses issued under Chapter 16 (relating to junkets) and all money collected by the board for violations of this subchapter shall be deposited into the General Fund.

§ 13C62. Sports wagering tax.

(a) *Imposition.*—Each sports wagering certificate holder shall report to the department and pay from its daily gross sports wagering revenue, on a form and in the manner prescribed by the department, a tax of 34% of its daily gross sports wagering revenue.

(b) *Deposits and distributions.*—

(1) The tax imposed under subsection (a) shall be payable to the department on a weekly basis and shall be based upon gross sports wagering revenue derived during the previous week.

(2) All funds owed to the Commonwealth under this section shall be held in trust for the Commonwealth by the sports wagering certificate holder until the funds are paid to the department. A sports wagering certificate holder shall establish a separate bank account into which gross sports wagering revenue shall be deposited and maintained until such time as the funds are paid to the department under this section or paid into the fund under section 13C63(a) (relating to local share assessment).

(3) The tax imposed under subsection (a) shall be deposited into the General Fund.

§ 13C63. Local share assessment.

(a) *Required payment.*—In addition to the tax imposed under section 13C62 (relating to sports wagering tax), each sports wagering certificate holder shall pay on a weekly basis, on a form and in the manner prescribed by the department, a local share assessment into a restricted receipts account established within the fund. All money owed under this section shall be held in trust by the sports wagering certificate holder until the money is paid into the restricted account. Funds in the restricted account are hereby appropriated to the department on a continuing basis for the purposes set forth under this section.

(b) *Distributions.*—The department shall, on a quarterly basis, make distributions from the local share assessments deposited into the restricted account under subsection (a) into a restricted receipt account to be established in the Commonwealth Financing Authority to be used exclusively for grants for projects in the public interest in this Commonwealth.

(c) *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:

"Local share assessment." Two percent of a sports wagering certificate holder's daily gross sports wagering revenue.

§ 13C64. Compulsive and problem gambling.

The following shall apply:

(1) Each year, from the tax imposed under section 13C62 (relating to sports wagering tax), an amount equal to 0.002 multiplied by the total gross sports wagering revenue of all active and operating sports wagering certificate holders shall be transferred into the Compulsive and Problem Gambling Treatment Fund established under section 1509 (relating to compulsive and problem gambling program).

(2) Each year, from the tax imposed under section 13C62, an amount equal to 0.002 multiplied by the total gross sports wagering revenue of all active and operating sports wagering certificate holders shall be transferred to the Department of Drug and Alcohol Programs or successor agency to be used for drug and alcohol addiction treatment services, including treatment for drug and alcohol addiction related to compulsive and problem gambling, as set forth under section 1509.1 (relating to drug and alcohol treatment).

**SUBCHAPTER E
MISCELLANEOUS PROVISIONS**

Sec.

13C71. Criminal activity.

§ 13C71. Criminal activity.

Sports wagering conducted by a sports wagering certificate holder in accordance with this chapter shall not constitute a criminal activity under 18 Pa.C.S. § 5514 (relating to pool selling and bookmaking).

CHAPTER 13D
(Reserved)

CHAPTER 13E
(Reserved)

CHAPTER 13F
CASINO SIMULCASTING

Subchapter

- A. General Provisions**
- B. Casino Simulcasting Authorized**
- C. Application and Issuance of Permit and Establishment of Simulcasting Facility**
- D. Conduct of Casino Simulcasting**
- E. Fees and Taxes**

SUBCHAPTER A
GENERAL PROVISIONS

Sec.

13F01. Legislative intent and purpose.

13F02. Definitions.

§ 13F01. Legislative intent and purpose.

The General Assembly finds as follows:

(1) The people of this Commonwealth have a vital economic interest in the continued success of this Commonwealth's gaming industry, including the race horse industry. Due to this economic interest, enhancements to current gaming activities must be authorized to ensure the ongoing competitiveness, viability and stability of the gaming industry in this Commonwealth.

(2) A primary intent of the Race Horse Development and Gaming Act, as codified in this part, is to enhance live horse racing. However, the legalization of commercial gaming in states on the geographic borders of this Commonwealth makes it imperative to authorize new and innovative gaming activities related to horse racing and commercial casino-style gaming, which could be implemented by licensed gaming entities, and which could help ensure the viability of both horse racing and commercial gaming.

(3) The intent of this chapter is to give licensed gaming entities the authority to conduct casino simulcasting at Category 2, Category 3 and Category 4 licensed facilities in order to expand horse racing opportunities through simulcasting and, thereby, enhancing the viability of this Commonwealth's race horse and commercial gaming industry.

§ 13F02. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Casino simulcasting." The simultaneous transmission of live thoroughbred or harness horse race meetings from an in-State sending track, out-of-State sending track or a satellite facility, regardless of licensure status or whether the horse race meetings originate within this Commonwealth or any other state or jurisdiction, to a simulcasting facility in this Commonwealth by satellite devices, television cables, telephone lines or any other telecommunications technology for the purposes of conducting pari-mutuel wagering.

"Casino simulcasting permit" or "simulcasting permit." A permit awarded by the board under section 13F12 (relating to casino simulcasting permit) which authorizes a licensed gaming entity to conduct casino simulcasting.

"Casino simulcasting permit holder." A licensed gaming entity that holds a casino simulcasting permit issued by the board in accordance with section 13F12.

"In-State sending track." A racetrack within this Commonwealth which is operated by a licensed racing entity and is permitted to conduct casino simulcasting.

"Licensed gaming entity." A person who has been approved for and issued a Category 2 slot machine license, a Category 3 slot machine license or a Category 4 slot machine license in accordance with sections 1304 (relating to Category 2 slot machine license), 1305 (relating to Category 3 slot machine license), 1305.1 (relating to Category 4 slot machine license) and 1325 (relating to license or permit issuance) and who holds a casino simulcasting permit.

"Out-of-State sending track." An interstate or international racetrack in a state or jurisdiction other than this Commonwealth which is equipped to conduct casino simulcasting and the operator of which is lawfully permitted to conduct horse race meetings and to provide simulcast horse races to slot machine licensees in this Commonwealth.

"Simulcast horse race." A thoroughbred or harness horse race meeting conducted at a racetrack, whether within or outside this Commonwealth, which is simultaneously transmitted by an approved telecommunications technology to racetracks or simulcasting facilities in this Commonwealth in accordance with regulations of the commission.

"Simulcasting facility." An area of a licensed facility established and maintained by a licensed gaming entity for the conduct of casino simulcasting in accordance with this chapter, 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) and regulations of the board and the commission.

SUBCHAPTER B CASINO SIMULCASTING AUTHORIZED

Sec.

13F05. Authorization to conduct simulcasting.

13F06. Regulations.

13F07. Temporary regulations.

13F08. Simulcast agreements.

§ 13F05. Authorization to conduct simulcasting.

(a) Authority to conduct.—Notwithstanding any other provision of law or regulation, it shall be lawful for a licensed gaming entity to conduct casino simulcasting by agreement or agreements with a licensed racing entity for the conduct of casino simulcasting in accordance with the provisions of this chapter, 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) and the applicable regulations of the board and the commission promulgated under this chapter.

(b) Administration and enforcement.—The board shall administer and enforce the provisions of this chapter as they relate to the conduct of casino simulcasting by a slot machine licensee and, except as provided in this chapter, shall adopt and promulgate regulations to carry out and enforce the provisions of this chapter.

§ 13F06. Regulations.

(a) Adoption of regulations.—The board, in consultation with the commission, shall adopt and promulgate regulations to govern the conduct of casino simulcasting by licensed gaming entities in this Commonwealth. Such regulations shall establish the following:

(1) The method and form of the application which a licensed gaming entity must follow and complete before consideration of the licensed gaming entity's application to conduct casino simulcasting.

(2) The permissible communications technology which must be used to facilitate the conduct of casino simulcasting in accordance with regulations of the board, the commission and applicable Federal law and regulations.

(3) The times during which a licensed gaming entity may conduct casino simulcasting shall be the same as the times authorized for the conduct of casino simulcasting by Category 1 slot machine licensees.

(4) The approval of the terms and conditions of any agreement between a licensed gaming entity and a licensed racing entity related to the management or operation of casino simulcasting and the pari-mutuel system of wagering, including the percentage of the money retained by a licensed racing entity for pari-mutuel pools which may be distributed to the licensed gaming entity.

(5) The required contents of agreements entered into between a licensed gaming entity and a licensed racing entity for the management or operation of casino simulcasting and the pari-mutuel system of wagering.

(6) A requirement that wagering on simulcast horse race meetings shall only be conducted within a simulcasting facility which has been approved by the board, in consultation with the commission.

(7) The standards and rules to govern the conduct of casino simulcasting and the system of pari-mutuel wagering associated with race horse simulcasting.

(8) The reporting procedures and records which will be required from a licensed gaming entity to ensure that all money generated from casino simulcasting is accounted for and winners' names, when required under applicable Federal or State law, are filed with the appropriate taxing authorities.

(9) *Notwithstanding 3 Pa.C.S. § 9340 (relating to prohibition of wagering) or any other provision of law or regulation, the policies and procedures which will be adopted, implemented and followed to ensure that individuals under 21 years of age will be prohibited from participating in casino simulcasting or entering a simulcasting facility.*

(10) *Any other requirements, conditions or controls which the board, in consultation with the commission, deems necessary and appropriate to administer and enforce the provisions of this chapter and to facilitate the implementation of this chapter.*

(b) *Uniform regulation.—In adopting regulations under this chapter, the commission shall cooperate and work with the board to develop uniform regulations to govern the operation of casino simulcasting in this Commonwealth. Except as herein provided, the provisions of this chapter and any regulations promulgated under this chapter shall be considered as establishing uniform requirements and regulations for casino simulcasting at licensed facilities in this Commonwealth.*

(c) *Adoption of existing regulations.—Notwithstanding subsection (b) or any other law or regulation to the contrary, the provisions of 3 Pa.C.S. § 9335 (relating to pari-mutuel pool distribution) and all regulations and supplements thereto or revisions thereof adopted by the commission under 3 Pa.C.S. § 9335, which relate to the retention of money in pari-mutuel pools and the pari-mutuel system of wagering on, before or after the effective date of this chapter are adopted as regulations under this chapter and shall remain in effect unless subsequently modified or superseded by regulations promulgated by the commission.*

§ 13F07. *Temporary regulations.*

(a) *Promulgation.—In order to facilitate the prompt implementation of this chapter, regulations promulgated by the board and commission shall be deemed temporary regulations which shall expire not later than two years following the publication of the temporary regulation. The board may promulgate temporary regulations not subject to:*

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

(2) *Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.*

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

(b) *Expiration.—The authority to adopt temporary regulations under subsection (a) shall expire two years after the publication of the temporary regulations. Regulations adopted by the board and commission after the two-year period shall be promulgated as provided by law.*

(c) *Publication of temporary regulations.—The board and the commission shall begin publishing temporary regulations governing casino simulcasting in the Pennsylvania Bulletin within 60 days of the effective date of this subsection.*

§ 13F08. *Simulcast agreements.*

(a) *Manner of agreement.—Any agreement entered into between a licensed gaming entity and a licensed racing entity to facilitate casino simulcasting shall be in writing and shall be filed with and approved by the*

board and the commission in accordance with regulations promulgated by the board in consultation with the commission.

(b) Wager provisions.—Notwithstanding 3 Pa.C.S. § 9334 (relating to State Racing Fund and tax rate) or 9335 (relating to pari-mutuel pool distribution), the following shall apply:

(1) If a licensed gaming entity offers casino simulcasting at its licensed facility through an agreement with a licensed racing entity, the agreement shall specify the percentage of the money wagered each racing day at the simulcasting facility and remaining in the wagering pools after the required distributions under 3 Pa.C.S. § 9335 that will be paid to the licensed gaming entity. The amount retained by a licensed gaming entity shall not exceed 25% of the money retained by the licensed racing entity under 3 Pa.C.S. § 9335.

(2) (Reserved).

(c) Regulations.—The board, in consultation with the commission, shall establish regulations to administer the retention requirements under this section.

SUBCHAPTER C APPLICATION AND ISSUANCE OF PERMIT AND ESTABLISHMENT OF SIMULCASTING FACILITY

Sec.

13F11. Application for permit and requirements.

13F12. Casino simulcasting permit.

13F13. Casino simulcasting facilities.

13F14. License, registration or permitting of employees required.

13F15. Key employees and occupation permits.

§ 13F11. Application for permit and requirements.

(a) Applications.—A licensed gaming entity shall file an application for a casino simulcasting permit with the board. The application shall include the following:

(1) The name, business address and contact information of the applicant.

(2) The name and location of the applicant's licensed facility.

(3) The name and business address, job title and a photograph of each principal and key employee of the applicant who will be involved in the conduct of casino simulcasting and who is not currently licensed by the board or the commission, if known.

(4) The estimated number of full-time and part-time employment positions that will be created at the licensed facility if casino simulcasting is authorized and an updated hiring plan under section 1510(a) (relating to labor hiring preferences) which outlines the applicant's plan to promote the representation of diverse groups and Commonwealth residents in the employment positions.

(5) A brief description of the economic benefits expected to be realized by the Commonwealth, the Department of Agriculture and the race horse industry in this Commonwealth if casino simulcasting is authorized at the applicant's licensed facility.

(6) *The details of any financing, if applicable, obtained or that will be obtained to fund an expansion or modification of the licensed facility to accommodate casino simulcasting or construct a simulcasting facility or to otherwise fund the cost of commencing casino simulcasting operations.*

(7) *Information and documentation concerning financial background and resources, as the board may require, to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant.*

(8) *A copy of or a detailed description of the terms and conditions of any agreement or agreements the licensed gaming entity has entered into or will enter into with a licensed racing entity to facilitate the conduct of casino simulcasting.*

(9) *A detailed description of any financial arrangements between a licensed gaming entity and a licensed racing entity related to the conduct of casino simulcasting.*

(10) *Detailed site and architectural plans of the proposed simulcasting facility within the applicant's licensed facility.*

(11) *Any other information as the board may require.*

(b) *Review and approval of application.—The board shall review and approve an application for a simulcasting permit if the applicant establishes, by clear and convincing evidence, all of the following:*

(1) *The applicant's slot machine license and table game operation certificate are in good standing with the board.*

(2) *The conduct of casino simulcasting at the applicant's licensed facility will have a positive economic impact on the Commonwealth and the race horse industry in this Commonwealth through increased revenues, increased purses and employment opportunities.*

(3) *The applicant possesses adequate funds or has secured adequate financing to:*

(i) *Fund any necessary expansion or modification of the applicant's licensed facility or to construct a simulcasting facility to accommodate the conduct of casino simulcasting.*

(ii) *Pay the costs of establishing, maintaining and operating the simulcasting facility.*

(iii) *Commence casino simulcasting operations.*

(4) *The applicant has entered into or will enter into an agreement with a licensed racing entity to manage or operate casino simulcasting operations, and the agreement has been approved by the commission.*

(5) *The applicant has the expertise to manage casino simulcasting.*

(6) *The applicant has the financial stability, integrity and responsibility to conduct casino simulcasting.*

(7) *The applicant has sufficient business ability and experience to create and maintain a successful casino simulcasting operation.*

(8) *The applicant's proposed internal and external security controls and proposed surveillance measures within the area of the licensed facility where the applicant seeks to conduct casino simulcasting are adequate.*

(c) Confidentiality.—Information submitted to the board under subsection (a)(6), (7) and (8) may be considered confidential by the board if the information would be confidential under section 1206(f) (relating to board minutes and records).

§ 13F12. Casino simulcasting permit.

(a) Issuance of permit.—Upon review and approval of an application submitted to the board in accordance with section 13F11 (relating to application for permit and requirements), the board shall issue a casino simulcasting permit to the applicant.

(b) Content of permit.—

(1) A casino simulcasting permit shall include a list of the horse race meetings which are proposed to be simulcast by the casino simulcasting permit holder at its simulcasting facility, including the names and locations of the in-State sending tracks and out-of-State sending tracks, and the start date and expiration date of any agreement or agreements the casino simulcasting permit holder has entered into or will enter into with a licensed racing entity for the operation of casino simulcasting.

(2) A casino simulcasting permit holder shall be required to update the initial casino simulcasting application at times prescribed by the board, in consultation with the commission.

§ 13F13. Casino simulcasting facilities.

(a) Establishment of simulcasting facility.—A licensed gaming entity approved for and issued a permit to operate casino simulcasting under this chapter shall establish a simulcasting facility as part of its licensed facility. The simulcasting facility may be adjacent to, but shall not be part of, any room or location in which slot machines or table games are operated or conducted in accordance with the provisions of this part. The following shall apply:

(1) The simulcasting facility shall conform to all requirements concerning square footage, equipment, security measures and related matters which the board, in consultation with the commission, shall by regulation prescribe.

(2) The space or area required for the establishment of a simulcasting facility shall not be used to decrease the number of slot machines or table games in operation at the licensed facility or to reduce the space approved by the board for the operation of slot machines and the conduct of table games.

(3) The cost of establishing, maintaining and operating a simulcasting facility shall be the sole responsibility of the licensed gaming entity.

(b) Video display monitors.—Notwithstanding 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) or regulations promulgated pursuant to 3 Pa.C.S. Ch. 93, the regulations promulgated by the board shall provide for the installation of video display technology in approved areas of licensed facilities to deliver simulcast horse race meetings to patrons via video walls and other such innovative video display technology. The board may collaborate with the commission in developing regulations

to govern the installation and operation of video display monitors in accordance with this subsection.

§ 13F14. License, registration or permitting of employees required.

Except as provided in this part, all persons engaged directly in wagering-related activities at a simulcasting facility, whether employed by the licensed gaming entity or licensed racing entity and all other employees of the licensed gaming entity or licensed racing entity who work or will work in the simulcasting facility, shall be licensed, registered or permitted in accordance with regulations promulgated by the board in collaboration with the commission.

§ 13F15. Key employees and occupation permits.

Nothing in this subchapter shall be construed to require any individual who holds a principal license, a key employee license or gaming employee license under Chapters 13 (relating to licensees) and 13A (relating to table games) or who holds a license under 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) to obtain a separate license, permit or registration to be employed in a casino simulcasting permit holder's casino simulcasting operation authorized under this chapter, if the board, in consultation with the commission, determines that licensure under the provisions of this part or 3 Pa.C.S. Ch. 93 is sufficient and will not compromise the integrity of casino simulcasting.

SUBCHAPTER D CONDUCT OF CASINO SIMULCASTING

Sec.

13F31. Conduct of casino simulcasting.

13F32. Transmission of live races.

13F33. Accounting controls and audit protocols.

13F34. Condition of continued operation.

§ 13F31. Conduct of casino simulcasting.

(a) Wagering.—Wagering on simulcast horse races shall be conducted only in the simulcasting facility.

(b) Required security.—

(1) The security measures for a simulcasting facility shall include, but may not be limited to, the installation by the licensed gaming entity of a closed-circuit television system according to specifications promulgated by the board, in consultation with the commission.

(2) The board and the commission shall have access to the simulcast system or its signal in accordance with regulations promulgated by the board, in consultation with the commission.

§ 13F32. Transmission of live races.

The following shall apply:

(1) A licensed racing entity which operates interstate or international simulcasting of horse race meetings in this Commonwealth shall have discretion to transmit all or some of the live races conducted at the racetrack to the licensed facility of a licensed gaming entity which has established a simulcasting facility under this chapter. Any race which is transmitted from an in-State sending track

may be transmitted to all licensed gaming entities which have established simulcasting facilities.

(2) A licensed gaming entity which establishes a simulcasting facility and conducts casino simulcasting in accordance with this chapter shall, as a condition of continued operation of casino simulcasting, receive all live races which are transmitted by in-State sending tracks.

§ 13F33. Accounting controls and audit protocols.

(a) Approval.—Prior to the commencement of casino simulcasting, a casino simulcasting permit holder shall submit to the board for approval all proposed site and architectural plans, internal control systems and audit protocols for the casino simulcasting permit holder's casino simulcasting operations.

(b) Minimum requirements.—A casino simulcasting permit holder's internal controls and audit protocols shall:

(1) Provide for reliable records, accounts and reports of any financial event that occurs in the conduct of casino simulcasting, including reports to the board and commission related to casino simulcasting, as may be required by regulation of the board, in consultation with the commission.

(2) Provide for accurate and reliable financial records related to the conduct of casino simulcasting and the pari-mutuel system of wagering.

(3) Establish procedures and security for the counting, recording and storage of money generated from the conduct of casino simulcasting.

(4) Establish procedures and security standards for the maintenance of telecommunications equipment and video display technology used in connection with the conduct of casino simulcasting.

(5) Establish procedures and rules to govern the conduct of casino simulcasting and the responsibility of employees related to casino simulcasting.

(6) Establish procedures for the collection, recording and deposit of revenue from the conduct of casino simulcasting, including the roles of the commission, the department, licensed racing entities and licensed gaming entities in the collection and recording of the revenue.

(7) Ensure that the system of pari-mutuel wagering used in the conduct of casino simulcasting is in accordance with 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) and regulations of the commission promulgated under 3 Pa.C.S. (relating to agriculture).

(8) Ensure, in consultation with the commission, the proper and timely accounting for and retention of percentages for pari-mutuel pools and the proper and timely distribution of money in any pari-mutuel pool generated from casino simulcasting.

(9) Ensure that all functions, duties and responsibilities related to casino simulcasting are appropriately segregated and performed in accordance with sound financial practices by qualified employees.

(10) Permit use of its simulcasting facility by the board, the bureau, the commission and other persons authorized under this part or by the

board and the commission to facilitate their ability to perform regulatory and oversight functions under this chapter.

(c) Submission to board.—The submission required under subsection (a) shall include a detailed description of the casino simulcasting permit holder's administrative and accounting procedures related to casino simulcasting, including its written system of internal controls. Each written system of internal controls shall include:

(1) An organizational chart depicting appropriate functions and responsibilities of employees involved in casino simulcasting.

(2) A description of the duties and responsibilities of each position shown on the organizational chart.

(3) The record retention policy of the casino simulcasting permit holder.

(4) The procedure to be utilized to ensure that money generated from the conduct of casino simulcasting is safeguarded, including mandatory counting and recording procedures.

(5) A statement signed by the casino simulcasting permit holder's chief financial officer or other competent person attesting that the signatory believes, in good faith, that the system satisfies the requirements of this section.

(d) Review.—Prior to authorizing a casino simulcasting permit holder to conduct casino simulcasting, the board, in consultation with the commission, shall review the system of internal controls submitted under subsection (c) to determine whether it conforms to the requirements of this subchapter and whether it provides adequate and effective controls for the conduct of casino simulcasting.

(e) License, registration or permitting of employees required.—Except as provided in section 13F15 (relating to key employees and occupation permits), persons engaged directly in wagering-related activities at a simulcasting facility, whether employed by the licensed gaming entity or a licensed racing entity and all other employees of the licensed gaming entity who work or will work in the simulcasting facility shall be licensed, registered or permitted in accordance with regulations promulgated by the board in collaboration with the commission.

§ 13F34. Condition of continued operation.

As a condition of continued operation, a casino simulcasting permit holder shall agree to maintain all books, records and documents pertaining to casino simulcasting in a manner and location within this Commonwealth as approved by the board, in consultation with the commission. All books, records and documents related to casino simulcasting shall:

(1) Be organized in a manner to clearly depict by separate record the total amount of money contributed to every pari-mutuel pool in accordance with the applicable provisions of 3 Pa.C.S. Ch. 93 (relating to race horse industry reform) and any regulation promulgated under 3 Pa.C.S. Ch. 93.

(2) Be segregated by separate accounts within the licensed gaming entity's books, records and documents, except for any books, records or documents that are common to slot machine operations, table game

operations and casino simulcasting, as determined by the board in consultation with the commission.

(3) Be immediately available for inspection upon request of the board, the commission, the bureau, the department, the Pennsylvania State Police or the Attorney General, or agents thereof, during all hours of operation of the casino simulcasting permit holder's simulcasting facility in accordance with regulations promulgated by the board in consultation with the commission.

(4) Be maintained for a specific period of time as the board, in consultation with the commission, by regulation, may require.

SUBCHAPTER E FEES AND TAXES

Sec.

13F41. Casino simulcasting authorization fee.

13F42. Retention and distribution of money and pari-mutuel pools.

13F43. Casino simulcasting taxes.

13F44. Construction.

§ 13F41. Casino simulcasting authorization fee.

A casino simulcasting permit shall not be subject to the payment of an authorization fee, renewal or a renewal fee or the payment of an additional permit fee.

§ 13F42. Retention and distribution of money and pari-mutuel pools.

(a) Wagers included in pari-mutuel pools.—

(1) Sums wagered at a simulcasting facility on the results of a simulcast horse race shall be included in the appropriate pari-mutuel pool generated for the race being transmitted in accordance with 3 Pa.C.S. § 9335 (relating to pari-mutuel pool distribution) and shall be distributed in accordance with 3 Pa.C.S. § 9335 or any regulations promulgated under 3 Pa.C.S. § 9335.

(2) Payments to persons holding winning tickets at a licensed facility shall be made according to the same odds as those generated at the in-State sending track.

(3) A person placing a wager on a simulcast horse race at a simulcasting facility shall not be charged a fee for placing the wager in addition to the amount wagered.

(b) Computation of money wagered.—All money wagered by players on horse race meetings at a simulcasting facility shall be computed in the amount of money wagered each racing day for purposes of taxation under 3 Pa.C.S. § 9334 (relating to State Racing Fund and tax rate), all thoroughbred races shall be considered a part of a thoroughbred horse race meeting and all harness races shall be considered a part of a harness horse race meeting for purposes of 3 Pa.C.S. § 9334.

§ 13F43. Casino simulcasting taxes.

All money wagered by players on horse race meetings under this chapter shall be subject to the tax imposed under 3 Pa.C.S. § 9334 (relating to State Racing Fund and tax rate).

§ 13F44. Construction.

Nothing in this chapter and section 1207 (relating to regulatory authority of board), as it relates to casino simulcasting, shall be construed to alter, preempt or otherwise impinge the authority of the commission under 3 Pa.C.S. Ch. 93 (relating to race horse industry reform).

Section 26. Section 1401(b) of Title 4 is amended and the subsection is amended by adding a paragraph to read:

§ 1401. Slot machine licensee deposits.

* * *

(b) Initial deposit of funds.—Not later than two business days prior to the commencement of slot machine operations by a slot machine licensee, a slot machine licensee shall deposit and maintain the following sums in its account to guarantee the payment of funds to the Commonwealth under this part and as security for its obligations under section 1405 (relating to Pennsylvania Race Horse Development *Trust* Fund):

(1) For a Category 1 or Category 2 slot machine licensee, \$1,500,000.

(2) For a Category 3 slot machine licensee, \$1,000,000.

(3) *For a Category 4 slot machine licensee, \$1,250,000.*

No additional minimum deposit shall be required from a slot machine licensee if a slot machine licensee is granted a table game operation certificate under Chapter 13A (relating to table games).¹

* * *

Section 27. Section 1403 of Title 4 is reenacted and amended to read:

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

(a) Fund established.—There is hereby established the State Gaming Fund within the State Treasury.

(b) Slot machine tax.—The department shall determine and each slot machine licensee, *other than a Category 4 slot machine licensee*, shall pay a daily tax of 34% from its daily gross terminal revenue from the slot machines in operation at its facility and a local share assessment as provided in subsection (c). All funds owed to the Commonwealth, a county or a municipality under this section shall be held in trust by the licensed gaming entity for the Commonwealth, the county and the municipality until the funds are paid or transferred to the fund. Unless otherwise agreed to by the board, a licensed gaming entity shall establish a separate bank account to maintain gross terminal revenue until such time as the funds are paid or transferred under this section. Moneys in the fund are hereby appropriated to the department on a continuing basis for the purposes set forth in subsection (c).

(b.1) Slot machine tax at Category 4 licensed facilities.—

(1) The department shall determine and each Category 4 slot machine licensee shall pay a daily tax of 50% from its daily gross terminal revenue from the slot machines in operation at the Category 4

¹ "(2) For a Category 3 slot machine licensee, \$1,000,000.

No additional minimum deposit shall be required from a slot machine licensee if a slot machine licensee is granted a table game operation certificate under Chapter 13A (relating to table games).

(3) *For a Category 4 slot machine licensee, \$1,250,000.* in enrolled bill.

licensed facility and a local share assessment as provided in subsection (c.1). All money owed to the Commonwealth, a county or a municipality under this section shall be held in trust by the licensed gaming entity for the Commonwealth, the county and the municipality until the money is paid or transferred to the fund. Unless otherwise agreed to by the board, a licensed gaming entity shall establish a separate bank account to maintain gross terminal revenue until such time as the money is paid or transferred under this section. Money in the fund is appropriated to the department on a continuing basis for the purposes set forth in paragraph (2).

(2) The tax imposed under paragraph (1) shall be deposited as follows:

(i) Sixty-eight percent into the Property Tax Relief Fund established under section 1409 (relating to Property Tax Relief Fund).

(ii) Ten percent added to and distributed under section 13B52(d)(2)(ii) (relating to interactive gaming tax).

(iii) Ten percent 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 in the Commonwealth.

(iv) Twelve percent added to and distributed under section 1407 (relating to Pennsylvania Gaming Economic Development and Tourism Fund).

(c) Transfers and distributions.—The department shall:

(1) Transfer the slot machine tax and assessment imposed in subsection (b) to the fund.

(2) From the local share assessment established in subsection (b), make quarterly distributions among the counties hosting a licensed facility in accordance with the following schedule:

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

[(A) A county of the first class: 4% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility. Notwithstanding any other provision to the contrary, funds from licensed gaming entities located within a county of the first class shall not be distributed outside of a county of the first class.]

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

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

(D) (I) A county of the third class: Except as provided in subclause (II), 2% of the gross terminal revenue from each such licensed facility shall be deposited 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 to municipalities within the county where the licensed facility is located.

(I.1) Priority shall be given to multiyear projects approved or awarded by the Department of Community and Economic Development under subclause (I) on or before **[the effective date of this subclause] January 7, 2010.**

(I.2) In addition to municipalities that are eligible to receive grant funding under subclause (I), a county redevelopment authority within the county shall also be eligible to receive grant funding to be used exclusively for economic development projects or infrastructure. A county redevelopment authority shall not be eligible to receive more than 10% of the total grant funds awarded.

(I.3) Notwithstanding the act of February 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt Enabling Act, grants made under subclause (I) may be utilized as local matching funds for other grants or loans from the Commonwealth.

(II) If a licensed facility is located in one of two counties of the third class where a city of the third class is located in both counties of the third class, the county in which the licensed facility is located shall receive 1.2% of the gross terminal revenue to be distributed as follows: 20% to the host city, 30% to the host county and 50% to the host county for the purpose of making municipal grants within the county, with priority given to municipalities contiguous to the host city. The county of the third class, which includes a city of the third class that is located in two counties of the third class and is not the host county for the licensed facility, shall receive .8% of the gross terminal revenue to be distributed as follows: 60% to a nonhost city of the third class located solely in the nonhost county in which the host city of the third class is also located or 60% to the nonhost city of the third class located both in the host and nonhost counties of the third class, 35% to the nonhost county and 5% to the nonhost county for the purpose of making municipal grants within the county.

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

(I) The department shall make distributions directly to each municipality within the county, except the host municipality, by using a formula equal to the sum of \$25,000 plus \$10 per resident of the municipality using the most recent population figures provided by the Department of Community

and Economic Development, provided, however, that the amount so distributed to any municipality shall not exceed 50% of its total budget for fiscal year 2009 *or 2013, whichever is greater*, adjusted for inflation in subsequent fiscal years by an amount not to exceed an annual cost-of-living adjustment calculated by applying any upward percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Distributions to a municipality in accordance with this subclause shall be deposited into a special fund which shall be established by the municipality. The governing body of the municipality shall have the right to draw upon the special fund for any lawful purpose provided that the municipality identifies the fund as the source of the expenditure. Each municipality shall annually submit a report to the Department of Community and Economic Development detailing the amount and purpose of each expenditure made from the special fund during the prior fiscal year.

(II) Any funds not distributed under subclause (I) shall be deposited into a restricted receipts account established in the Department of Community and Economic Development to be used exclusively for grants to the county, to economic development authorities or redevelopment authorities within the county for grants for economic development projects, infrastructure projects, job training, community improvement projects, other projects in the public interest, and necessary and reasonable administrative costs. Notwithstanding the provisions of the act of February 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt Enabling Act, grants made under this clause may be utilized as local matching funds for other grants or loans from the Commonwealth.

(F) Counties of the fifth through eighth classes:

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

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

(a) 1% shall be deposited 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 to municipalities within the county where the licensed facility is located.

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

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

(ii) If the licensed facility is a Category 1 licensed facility and is located at a thoroughbred racetrack and the county in which the licensed facility is located is:

[(A) A county of the first class: 4% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility. Notwithstanding any other provision to the contrary, funds from licensed gaming entities located within the county of the first class shall not be distributed outside of a county of the first class.]

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

(C) A county of the second class A: 1% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility[.] *for the purpose of funding nonprofit entities fulfilling a human service, victim assistance or drug and alcohol prevention and treatment within the county in which the licensed facility is located.* An additional 1% of the gross terminal revenue to *a redevelopment authority* in the county hosting the licensed facility from each such licensed facility for the purpose of municipal grants within the county in which the licensee is located. *The redevelopment authority shall retain 5% of the total funds administered to cover the costs and expenses of administration of the grants. For purposes of this subparagraph, a municipality that is wholly within the boundaries of a contiguous municipality shall be considered a contiguous municipality and eligible to receive municipal grants under this subparagraph.*

(D) A county of the third class *which is also a home rule county*: 1% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility. An additional 1% of the gross terminal revenue *minus the amount contained in clause (D.1)* to the county hosting the licensed facility from each such licensed facility for the purpose of municipal grants within the county in which the licensee is located.

(D.1) \$1,000,000 of the gross terminal revenue annually to a land bank jurisdiction established by a county of the third class which is also a home rule county. Until a land bank jurisdiction is established by a county of the third class which is also a home rule county after the effective date of this subclause, \$1,000,000 to the county redevelopment authority.

(D.2) An economic or redevelopment authority which administers local share assessment funds for a county of the third class, which is also a home rule county in which a

Category 1 licensed facility is located at a thoroughbred racetrack, shall be subject to the following:

(I) Each expenditure of the local share assessment funds by the authority shall be disclosed on the authority's publicly accessible Internet website.

(II) Local share assessment funds received by the authority may not be used to pay for tuition or other educational expenses of an officer or employee of the authority.

(III) Each expenditure of local share assessment funds by the authority shall include a disclosure that the funds originated from licensed gaming activities.

(IV) The authority shall be subject to audit by the Auditor General.

(D.3) A county of the third class which is not a home rule county: 1% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility minus amounts in clauses (D.4), (D.5), (D.6) and (D.7). An additional 1% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility for the purpose of municipal grants within the county in which the licensee is located. Notwithstanding the provisions of the Capital Facilities Debt Enabling Act, grants made under this clause may be utilized as local matching funds for other grants or loans from the Commonwealth.

(D.4) \$220,000 of the gross terminal revenue annually shall be deposited 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 a contiguous county containing a township that receives a portion of the licensed facility's slot machine operation fee under paragraph (3)(v)(C) for the purpose of municipal grants within the county. Notwithstanding the provisions of the Capital Facilities Debt Enabling Act, grants made under this clause may be utilized as local matching funds for other grants or loans from the Commonwealth.

(D.5) \$50,000 of the gross terminal revenue annually to a contiguous county of the fourth class for fire and emergency services and economic development. Notwithstanding the provisions of the Capital Facilities Debt Enabling Act, grants made under this clause may be utilized as local matching funds for other grants or loans from the Commonwealth.

(D.6) \$30,000 of the gross terminal revenue annually to a township of the second class with a population between 2,000 and 2,500 as of the 2010 decennial census that is contiguous to a township in a county of the fifth class that receives a portion of the licensed facility's slot machine operation fee under paragraph (3)(v)(C).

(D.7) \$30,000 of the gross terminal revenue annually to a township of the second class with a population between 8,000 and 8,100 as of the 2010 decennial census that is contiguous to a township in a county of the fifth class that receives a portion of the licensed facility's slot machine operation fee under paragraph (3)(v)(C). The township may use the amount for any purpose, provided that funding for fire and other emergency services is prioritized.

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

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

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

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

[(A) A county of the first class: 4% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility. Notwithstanding any other provision to the contrary, funds from licensed gaming entities located within a county of the first class shall not be distributed outside of a county of the first class. The first \$5,000,000 of the total amount distributed annually to the county of the first class shall be distributed to the Philadelphia School District.]

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

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

(D) A county of the third class: 1% of the gross terminal revenue to the county hosting the licensed facility from each such

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

(D.1) If a licensed facility is located in one of two counties of the third class where a city of the third class is located in both counties of the third class, the *following shall apply*:

(I) The county in which the licensed facility is located shall receive 1.2% of the gross terminal revenue to be distributed as follows: [20% to the host city, 30% to the host county and 50% to the host county for the purpose of making municipal grants within the county, with priority given to municipalities contiguous to the host city.]

(a) 20% shall be distributed to the host city.

(b) 30% shall be distributed to the host county.

(c) 50% shall be distributed as follows:

(1) Beginning January 1, 2018, the sum of \$250,000 shall be distributed annually for a period of 20 years to a city of the third class located in two counties of the third class for purposes of funding the redevelopment of an existing arts and education center that has professional artist space and studios and is located within the city of the third class that is located in two counties of the third class.

(2) After the distribution under subunit (1), the remaining funds shall be deposited into a restricted receipts account to be established in the Commonwealth Financing Authority for distribution within the host county to be used exclusively for economic development projects, community improvement projects and other projects in the public interest within the host county, with priority given to municipalities contiguous to the host city.

(II) The county of the third class, which includes a city of the third class that is located in two counties of the third class and is not the host county for the licensed facility, shall receive .8% of the gross terminal revenue to be distributed as follows: [60% to a nonhost city of the third class located solely in the nonhost county in which the host city of the third class is also located or 60% to the nonhost city of the third class located both in the host and nonhost counties of the third class, 35% to the nonhost county and 5% to the nonhost county for the purpose of making municipal grants within the county.]

(a) 60% shall be distributed to a nonhost city of the third class located solely in the nonhost county in which the host city of the third class is also located or 60% to

the nonhost city of the third class located both in the host and nonhost counties of the third class.

(b) 35% shall be distributed to the nonhost county.

(c) 5% shall be deposited into a restricted receipts account to be established in the Commonwealth Financing Authority for distribution within the nonhost county to be used exclusively for economic development projects, community improvement projects and other projects in the public interest within the nonhost county, with priority given to municipalities contiguous to the host city.

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

(F) Counties of the fifth class: 2% of the gross terminal revenue from each such licensed facility shall be deposited and distributed as follows:

(I) One percent to be distributed as follows:

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

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

(II) One percent shall be *distributed as follows*:

(a) Beginning January 1, 2018, the sum of \$250,000 shall be distributed annually for a period of 20 years to a contiguous county of the third class that hosts a Category 2 licensed facility, for the purpose of funding the construction of a pool and indoor recreation facility at an existing nonprofit recreation center within the

contiguous county in a borough with a population between 3,400 and 3,800 at the 2010 decennial census.

(b) After the distribution under subunit (a), the remaining funds shall be deposited into a restricted receipts account to be established in the Commonwealth Financing Authority to be used exclusively for grants within contiguous counties for economic development projects, community improvement projects and other projects in the public interest within contiguous counties. The amount under this subclause includes reasonable administrative costs. A contiguous county that hosts a Category 1 licensed facility shall be ineligible to receive grants under this subclause.

(II.1) Priority shall be given to multiyear projects approved or awarded by the Department of Community and Economic Development under subclause (I)(b) or (II) on or before **[the effective date of this subclause] January 7, 2010.**

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

(G) Any county not specifically enumerated in clauses **[(A)] (B)** through (F), 2% of the gross terminal revenue to the county hosting the licensed facility from each such licensed facility.

(iv) (A) Except as provided in clause (B) or (C), if the facility is a Category 3 licensed facility, 2% of the gross terminal revenue from the licensed facility shall be deposited into a restricted receipts account established in the Department of Community and Economic Development to be used exclusively for grants to the county, to economic development authorities or redevelopment authorities within the county for grants for economic development projects, community improvement projects and other projects in the public interest.

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

the licensed facility from each such licensed facility shall be deposited as follows:

(I) Seventy-five percent shall be deposited for the purpose of supporting the maintenance and refurbishment of the parks and heritage sites throughout the county in which the licensed facility is located.

(II) Twelve and one-half percent shall be deposited for the purpose of supporting a child advocacy center located within the county in which the licensed facility is located.

(III) Twelve and one-half percent shall be deposited for the purpose of supporting an organization providing comprehensive support services to victims of domestic violence, including legal and medical aid, shelters, transitional housing and counseling located within the county in which the licensed facility is located.

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

(v) Unless otherwise specified, for the purposes of this paragraph money designated for municipal grants within a county, other than a county of the first class, in which a licensed facility is located shall be used to fund grants to the municipality in which the licensed facility is located, to the county in which the licensed facility is located and to the municipalities which are contiguous to the municipality in which the licensed facility is located and which are located within the county in which the licensed facility is located. Grants shall be administered by the county through its economic development or redevelopment authority in which the licensed facility is located. Grants shall be used to fund the costs of human services, infrastructure improvements, facilities, emergency services, health and public safety expenses associated with licensed facility operations. If at the end of a fiscal year uncommitted funds exist, the county shall pay to the economic development or redevelopment authority of the county in which the licensed facility is located the uncommitted funds.

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

(vii) The distributions provided in this paragraph shall be based upon county classifications in effect on **[the effective date of this section] July 5, 2004**. Any reclassification of counties as a result of a

Federal decennial census or of a State statute shall not apply to this subparagraph.

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

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

(x) The department shall credit against the amount imposed under this paragraph any amount paid by a licensed facility from May 27, 2017, until the effective date of this paragraph to a county under an agreement between the Category 1, Category 2 or Category 3 licensed gaming entity and the county in lieu of a payment under this paragraph, as certified to the department by the county receiving the funds.

(3) From [the local share assessment established in subsection (b)] *the slot machine license operation fees deposited into the fund under section 1326.1(e) (relating to slot machine license operation fee)*, make quarterly distributions among the municipalities, including home rule municipalities, hosting a licensed facility in accordance with the following schedule:

(i) To a city of the second class hosting a licensed facility, other than a Category 3 *or Category 4* licensed facility, [2% of the gross terminal revenue or] \$10,000,000 annually[, whichever is greater, shall be paid by each licensed gaming entity operating a facility located in that city. In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a facility in the city and deposit that amount in the city treasury.] *shall be distributed to the city treasury.*

(ii) To a city of the second class A hosting a licensed facility, other than a Category 3 *or Category 4* licensed facility, [2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, shall be paid by each licensed entity operating a licensed facility located in that city] *\$10,000,000 annually shall be distributed to the city*, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining moneys shall be [collected by the department from each licensed gaming entity and] distributed in accordance with

paragraph (2) based upon the classification of county where the licensed facility is located. **[In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a facility in the city, pay any balance due to the city and transfer any remainder in accordance with paragraph (2).]**

(iii) To a city of the third class hosting a licensed facility, other than a *Category 3* or *Category 4* licensed facility, **[2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, shall be paid by each licensed gaming entity operating a licensed facility located in that city] \$10,000,000 annually, less any amount up to \$5,000,000 received pursuant to a written agreement with a licensed gaming entity executed prior to the effective date of this part, shall be distributed to the city,** subject, however, to the budgetary limitation in this subparagraph. In the event that the city has a written agreement with a licensed gaming entity executed prior to **[the effective date of this part] July 5, 2004,** the amount paid under the agreement to the city shall be applied and credited **[to the difference between 2% of the gross terminal revenue and the \$10,000,000 owed under this subparagraph if the 2% of the gross terminal revenue is less than \$10,000,000. If 2% of the gross terminal revenue is greater than the \$10,000,000 required to be paid under this subparagraph, the credit shall not apply. The amount of gross terminal revenue required to be paid pursuant to the agreement shall be deemed to be gross terminal revenue for purposes of this subparagraph.], up to \$5,000,000, to the slot machine license operation fee owed under section 1326.1.** The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining moneys shall be **[collected by the department from each licensed gaming entity and] distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located. [In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a facility, pay any balance due to the city of the third class and transfer any remainder in accordance with paragraph (2).]**

(iii.1) If a licensed facility, *other than a Category 3 or Category 4 licensed facility,* is located in a city of the third class and the city is located in more than one county of the third class, **[2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater,] \$10,000,000 annually** shall be distributed as follows: 80% to the host

city and 20% to the city of the third class located solely in a nonhost county in which the host city of the third class is also located. If a licensed facility, *other than a Category 3 or Category 4 licensed facility*, is located in a city of the third class and that city is located solely in a host county of the third class in which a nonhost city of the third class is also located, **2% of gross terminal revenue or \$10,000,000 annually, whichever is greater**, **\$10,000,000 annually** shall be distributed as follows: 80% to the host city and 20% to a city of the third class located both in a nonhost county of the third class and in a host county of the third class in which the host city of the third class is located.

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

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

(A) **[2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, shall be paid by each licensed gaming entity operating a licensed facility, other than a Category 3 licensed facility or a licensed facility owning land adjacent to the licensed facility located in more than one township of the second class,] \$10,000,000 annually shall be distributed** to the township of the second class hosting **[the] a licensed facility, other than a Category 3 or Category 4 licensed facility or a licensed facility located in more than one township of the second class**, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer

Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be **[collected by the department from each licensed gaming entity and]** distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located. **[If revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a licensed facility in the township, pay any balance due to the township and transfer any remainder in accordance with paragraph (2).]**

(B) **[2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater,] \$10,000,000 annually,** less the amount paid under clause (C), shall be **[paid by each licensed gaming entity operating a licensed facility and owning land adjacent to the licensed facility located in more than one township of the second class, other than a Category 3 licensed facility,] distributed** to the township of the second class hosting **[the] a licensed facility which owns land adjacent to the licensed facility located in more than one township of the second class, other than a Category 3 or Category 4 licensed facility,** subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities may not exceed 50% of their total budget for the fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be **[collected by the department from each licensed gaming entity and]** distributed in accordance with paragraph (2) based upon the classification of the county where the licensed facility is located. The county commissioners of a county of the third class in which the licensed facility is located shall appoint an advisory committee for the purpose of advising the county as to the need for municipal grants for health, safety, transportation and other projects in the public interest to be comprised of two individuals from the host municipality, two from contiguous municipalities within the county of the third class and one from the host county. **[In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a licensed facility in the township, pay any balance due to the township and transfer any remainder in accordance with paragraph (2).]**

(C) **[\$160,000 annually shall be paid by each licensed gaming entity operating a licensed facility and owning land adjacent to the licensed facility located in more than one township of the second class, other than a Category 3 licensed**

facility, to the township of the second class that is located in a county of the fifth class in which the adjacent land is located, including racetracks, grazing fields or any other adjoining real property.] *For land owned by a licensed gaming entity, other than a Category 3 or Category 4 licensed facility, and located in more than one township of the second class: \$160,000 shall be distributed annually to the township of the second class which is located in a county of the fifth class if the land owned, including racetracks, grazing fields and other adjoining real property, is adjacent to the licensed facility.*

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

(vii) To an incorporated town hosting a licensed facility, other than a Category 3 *or* Category 4 licensed facility, [2% of the gross terminal revenue or \$10,000,000 annually, whichever is greater, shall be paid by each licensed entity operating a licensed facility located in the town,] *\$10,000,000 annually shall be distributed to the incorporated town*, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2003-2004, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be [collected by the department from each licensed gaming entity and] distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located. [In the event that the revenues generated by the 2% do not meet the \$10,000,000 minimum

specified in this subparagraph, the department shall collect the remainder of the minimum amount of \$10,000,000 from each licensed gaming entity operating a licensed facility in the incorporated town, pay any balance due to the town and transfer any remainder in accordance with paragraph (2).

(viii) (A) Except as provided in clause (B) or (C), to a municipality of any class hosting a Category 3 facility, 2% of the gross terminal revenue from the Category 3 licensed facility located in the municipality, subject, however, to the budgetary limitation in this clause. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed gaming entity and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located.

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

(C) If the municipality hosting a Category 3 licensed facility is a township of the second class in a county of the fifth class which is contiguous to a county of the seventh class, 2% of the gross terminal revenue from the Category 3 licensed facility located in the municipality shall be distributed to the municipality, subject, however, to the budgetary limitation in this clause. The amount allocated to the designated municipalities shall not exceed the lesser of \$1,000,000 or 50% of their total budget for fiscal year 2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the

percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed gaming entity and distributed in equal amounts to each municipality contiguous to the host municipality. However, the amount to be allocated to any contiguous municipality shall not exceed the lesser of \$1,000,000 or 50% of the municipality's total budget for fiscal year 2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any money remaining following distribution to contiguous municipalities shall be collected by the department and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located.

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

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

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

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

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

(xiv) Nothing in this paragraph shall prevent any of the above municipalities from entering into intergovernmental cooperative agreements with other jurisdictions for sharing this money.

(xv) Notwithstanding any other law, agreement or provision in this part to the contrary, all revenues provided, directed or earmarked under this section to or for the benefit of a city of the second class in which an intergovernmental cooperation authority

has been established and is in existence pursuant to the act of February 12, 2004 (P.L.73, No.11), known as the Intergovernmental Cooperation Authority Act for Cities of the Second Class, shall be directed to and under the exclusive control of such intergovernmental cooperation authority to be used:

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

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

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

(4) *From the slot machine license operation fee deposited into the fund under section 1326.1(e), make quarterly distributions totaling \$10,000,000 for each licensed facility located within a county and city of the first class which is coterminous as follows:*

(i) *If a licensed facility is a Category 1 or Category 2 licensed facility and is operating in a county and city of the first class which is coterminous on the effective date of this paragraph, the first \$5,000,000 shall be distributed annually to a school district of the first class. Of the remaining funds, 60% shall be distributed to the county and city of the first class which is coterminous and 40% shall be deposited into a restricted receipts account established in the Department of Community and Economic Development to be used exclusively for grants for economic development projects, neighborhood revitalization projects, community improvement projects and other projects in the public interest within the county and city of the first class which is coterminous.*

(ii) *If a licensed facility is a Category 1 or Category 2 licensed facility and begins operating in a county and city of the first class which is coterminous after the effective date of this paragraph, 70% of the slot machine license operation fee shall be distributed to the county and city of the first class which is coterminous and 30% of the slot machine license operation fee shall be deposited into a restricted receipts account established in the Department of Community and Economic Development to be used exclusively for grants for economic development projects, neighborhood revitalization projects, community improvement projects and other projects in the public interest within the county and city of the first class which is coterminous.*

(iii) *Notwithstanding any other provision of this part to the contrary, slot machine license operation fees from licensed gaming entities located within a county and city of the first class shall not be distributed outside a county and city of the first class.*

(5) *From the local share assessment established in subsection (b), make quarterly distributions among the municipalities, including home*

rule municipalities, hosting a licensed facility in accordance with the following schedule:

(i) Except as provided in subparagraph (ii) or (iii), to a municipality of any class hosting a Category 3 facility, 2% of the gross terminal revenue from the Category 3 licensed facility located in the municipality, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of their total budget for fiscal year 2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed gaming entity and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located.

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

(iii) If the municipality hosting a Category 3 licensed facility is a township of the second class in a county of the fifth class which is contiguous to a county of the seventh class, 2% of the gross terminal revenue from the Category 3 licensed facility located in the municipality shall be distributed to the municipality, subject, however, to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed the lesser of \$1,000,000 or 50% of their total budget for fiscal year 2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed gaming entity and distributed in equal amounts to each municipality contiguous to the host municipality. The amount to be allocated to any contiguous municipality shall not exceed the lesser of \$1,000,000 or 50% of the municipality's total budget for fiscal year

2009, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any money remaining following distribution to contiguous municipalities shall be collected by the department and distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located.

(iv) The department shall credit against the amount imposed under this paragraph any amount paid by a licensed facility from May 27, 2017, until the effective date of this paragraph, to a municipality under an agreement between a Category 3 licensed gaming entity and the municipality in lieu of a payment under this paragraph, as certified to the department by the municipality receiving the funds.

(6) From the slot machine license operation fees deposited in the fund under section 1326.1(e), make quarterly distributions to any municipality not specifically enumerated in paragraph (3) or (4) hosting a Category 1 or Category 2 licensed facility, other than a Category 1 or Category 2 licensed facility located in a city of the first class, equal to \$10,000,000 annually.

(7) From the local share assessment established in subsection (b), make quarterly distributions to any municipality not enumerated in paragraph (5) hosting a Category 3 licensed facility: 2% of the gross terminal revenue paid by each licensed gaming entity operating a Category 3 licensed facility.

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

(9) If a licensed facility is located at a resort which is also an incorporated municipality, the municipality shall not be eligible to receive any distribution under paragraph (3), (4), (5), (6) or (7). The distribution it would have otherwise been entitled to under paragraph (3), (4), (5), (6) or (7) shall instead be distributed in accordance with paragraph (2) based upon the classification of county where the licensed facility is located.

(10) The distributions provided in paragraph (3), (4), (5), (6) or (7) shall be based upon municipal classifications in effect on July 5, 2004. For the purposes of paragraphs (3), (4), (5), (6) and (7), any reclassification of municipalities as a result of a Federal decennial census or of a State statute shall not apply to paragraphs (3), (4), (5), (6) and (7).

(11) If any provision of paragraph (3), (4), (5), (6) or (7) is found to be unenforceable for any reason, the distribution provided for in the unenforceable provision shall be made to the municipality in which the licensed facility is located.

(12) Nothing in paragraph (3), (4), (5), (6) or (7) shall be construed to prevent any of the above municipalities from entering into

intergovernmental cooperative agreements with other jurisdictions for sharing the funds distributed to them.

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

(i) to reduce the debt of the city of the second class;

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

(iii) for any other purposes as determined to be in the best interest of the city of the second class by the intergovernmental cooperation authority. The revenues shall not be directed to or under the control of the city of the second class or any coordinator appointed under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, for the city of the second class.

(c.1) Local share assessment.—

(1) In addition to the tax imposed under paragraph (b.1), each Category 4 slot machine licensee shall pay on a weekly basis and on a form and in a manner prescribed by the department a local share assessment into a restricted receipts account established within the fund. All funds owed under this section shall be held in trust by the Category 4 slot machine licensee until the funds are paid into the account. Funds in the account are hereby appropriated to the department on a continuing basis for the purposes set forth in paragraph (2).

(2) From the local share assessment established in paragraph (1), make quarterly distributions as follows:

(i) Fifty percent shall be deposited 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 in the county hosting the Category 4 licensed facility.

(ii) Fifty percent to the municipality hosting the Category 4 licensed facility from each Category 4 licensed facility shall be paid by each licensed gaming entity operating a Category 4 licensed facility in the municipality, subject to the budgetary limitation in this subparagraph. The amount allocated to the designated municipalities shall not exceed 50% of the municipality's total budget for fiscal year 2016-2017, adjusted for inflation in subsequent years by an amount not to exceed an annual cost-of-living adjustment calculated by applying the percentage change in the Consumer Price Index immediately prior to the date the adjustment is due to take effect. Any remaining money shall be collected by the department from each licensed gaming entity and distributed in accordance with subparagraph (i).

(3) For purposes of this subsection, local share assessment shall be 4% of the gross terminal revenues generated at a Category 4 licensed facility.

(d) Consumer Price Index.—For purposes of subsection (c), references to the Consumer Price Index shall mean 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.

(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 on all distributions of local share assessments **and slot machine license operation fees** to counties and municipalities under this section to the chairman and minority chairman of the Appropriations Committee of the Senate, the chairman and minority chairman of the Community, Economic and Recreational Development Committee of the Senate, the chairman and minority chairman of the Appropriations Committee of the House of Representatives and the chairman and minority chairman of the Gaming Oversight Committee of the House of Representatives. The report shall be submitted by **[August 31, 2010] March 31, 2018**, and by **[August] March 31** of each year thereafter.

(2) All counties and municipalities receiving distributions of local share assessments **or slot machine license operation fees** 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 sets forth the amount and use of the funds received in the prior calendar year. The form shall set forth whether the funds received were deposited in the county's or municipality's General Fund or committed to a specific project or use.

(f) Prohibited activities.—

(1) A person or its affiliated entity or a political subdivision shall not compensate or incur an obligation to compensate a person to engage in lobbying for compensation contingent in whole or in part upon the approval, award, receipt or denial of funds under this section. A person or its affiliated entity shall not engage in or agree to engage in lobbying for compensation contingent in whole or in part upon the approval, award, receipt or denial of funds under this section. This subsection shall not apply to a county or municipality that compensates a person to prepare a grant application for funds under this section if the following requirements are met:

(i) The person is not identified in the application.

(ii) The person has no direct contact with the agency, county or municipality providing the funding.

(iii) The person is paid a fixed fee or percentage of the amount of any funds approved, awarded or received up to .5%.

(2) A violation of this section shall be considered an intentional violation of 65 Pa.C.S. § 13A09(e) (relating to penalties).

Section 27.1. Section 1405 of Title 4 is amended to read:

§ 1405. Pennsylvania Race Horse Development *Trust* Fund.

(a) Fund established.—The Pennsylvania Race Horse Development Fund is converted into a trust fund and shall be known as the Pennsylvania Race Horse Development Trust Fund within the State Treasury.

(b) Pennsylvania race horse improvement assessment.—Each active and operating licensed gaming entity, other than a Category 4 slot machine licensee, shall pay a daily assessment to the Pennsylvania Race Horse Development Trust Fund as determined by the department. Subject to the daily assessment cap established under subsection (c), the licensed gaming entity's assessment shall be a percentage of each licensed gaming entity's gross terminal revenue, equal to an amount calculated as "A" multiplied by "B", with "A" being equal to each licensed gaming entity's gross terminal revenue for that day divided by the total gross terminal revenue for that day from all licensed gaming entities, and "B" being equal to 18% of that day's gross terminal revenue for all active and operating Category 1 licensees conducting live racing.

(c) Daily assessment cap.—If the resulting daily assessment for a licensed gaming entity exceeds 12% of that licensed gaming entity's gross terminal revenue for the day, the licensed gaming entity shall pay a daily assessment of 12% of its gross terminal revenue for that day.

(d) Distributions.—In accordance with section 1406 (relating to distributions from Pennsylvania Race Horse Development Trust Fund), the department shall make distributions from the Pennsylvania Race Horse Development Trust Fund to each of the active and operating Category 1 licensees conducting live racing.

Section 27.2. Title 4 is amended by adding a section to read:

§ 1405.1. *Protection of funds.*

(a) Payment.—Daily assessments collected or received by the department under section 1405 (relating to Pennsylvania Race Horse Development Trust Fund) are not funds of the Commonwealth. The daily assessments shall be paid by the State Treasurer as directed by the department to each active and operating Category 1 licensee conducting live racing for the obligations of Category 1 licensees in accordance with section 1406 (relating to distributions from Pennsylvania Race Horse Development Trust Fund). The Commonwealth shall not be rightfully entitled to any money described under this section and sections 1405 and 1406.

(b) Eligible recipients.—Funds allocated to the horsemen's organization under this part must be used to benefit all horsemen. Funds acquired from other sources shall be kept separate and apart from funds obtained under this part.

(c) Applicability.—This section shall not apply to 3 Pa.C.S. § 9313 (relating to budget) for promotion of horse racing, 3 Pa.C.S. § 9374 (relating to costs of enforcement of medication rules or regulations) and the annual transfer of \$19,659,000 under section 1723-A.1 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

Section 27.3. Section 1406 heading and (c) of Title 4 are amended and the section is amended by adding subsections to read:

§ 1406. Distributions from Pennsylvania Race Horse Development *Trust Fund*.

(a) Distributions.—Funds from the Pennsylvania Race Horse Development Trust Fund shall be distributed to each active and operating Category 1 licensee conducting live racing in the following manner:

(1) An amount equal to 18% of the daily gross terminal revenue of each Category 1 licensee shall be distributed to each active and operating Category 1 licensee conducting live racing unless the daily assessments are affected by the daily assessment cap provided for in section 1405(c) (relating to Pennsylvania Race Horse Development Trust Fund). In cases in which the daily assessment cap affects daily assessments, the distribution to each active and operating Category 1 licensee conducting live racing for that day shall be a percentage of the total daily assessments paid into the Pennsylvania Race Horse Development Trust Fund for that day equal to the gross terminal revenue of each active and operating Category 1 licensee conducting live racing for that day divided by the total gross terminal revenue of all active and operating Category 1 licensees conducting live racing for that day. The distributions to licensed racing entities from the Pennsylvania Race Horse Development Trust Fund shall be allocated as follows:

(i) Eighty percent to be deposited weekly into a separate, interest-bearing purse account to be established by and for the benefit of the horsemen. The earned interest on the account shall be credited to the purse account. Licensees shall combine these funds with revenues from existing purse agreements to fund purses for live races consistent with those agreements with the advice and consent of the horsemen.

(ii) From licensees that operate at thoroughbred tracks, 16% to be deposited on a monthly basis into the Pennsylvania Breeding Fund as defined in 3 Pa.C.S. § 9336 (relating to Pennsylvania Breeding Fund). From licensees that operate at standardbred tracks, 8% to be deposited on a monthly basis in the Pennsylvania Sire Stakes Fund as defined in 3 Pa.C.S. § 9337 (relating to Pennsylvania Sire Stakes Fund) and 8% to be deposited on a monthly basis into a restricted account in the State Racing Fund to be known as the Pennsylvania Standardbred Breeders Development Trust Fund. The State Horse Racing Commission shall, in consultation with the Secretary of Agriculture by rule or by regulation, adopt a standardbred breeders program that will include the administration of a Pennsylvania Stallion Award, Pennsylvania Bred Award and a Pennsylvania Sired and Bred Award.

(iii) Four percent to be used to fund health and pension benefits for the members of the horsemen's organizations representing the owners and trainers at the racetrack at which the licensed racing entity operates for the benefit of the organization's members, their families, employees and others in accordance with the rules and

eligibility requirements of the organization, as approved by the State Horse Racing Commission. This amount shall be deposited within five business days of the end of each month into a separate account to be established by each respective horsemen's organization at a banking institution of its choice. Of this amount, \$250,000 shall be paid annually by the horsemen's organization to the thoroughbred jockeys or standardbred drivers organization at the racetrack at which the licensed racing entity operates for health insurance, life insurance or other benefits to active and disabled thoroughbred jockeys or standardbred drivers in accordance with the rules and eligibility requirements of that organization.

(2) (Reserved).

* * *

[(c) Eligible recipients.—Funds allocated to the horsemen's organization under this part must be used to benefit all horsemen. Funds acquired from other sources shall be kept separate and apart from funds obtained under this part.]

* * *

(h) Unauthorized use of funds.—If any funds from the Pennsylvania Race Horse Development Trust Fund are diverted, redirected, taken or allocated for any purpose other than the purposes authorized under this section through legislative or administrative action, the General Assembly shall within 30 days of the diversion, redirection, taking or allocation restore all funds that have been diverted, redirected, taken or allocated from the Pennsylvania Race Horse Development Fund since 2009 for any purpose other than the purposes authorized under this section.

Section 27.4. Section 1407(b), (c) and (d) introductory paragraph of Title 4 are amended and the section is amended by adding subsections to read:

§ 1407. Pennsylvania Gaming Economic Development and Tourism Fund.

* * *

(b) Fund administration and distribution.—The Pennsylvania Gaming Economic Development and Tourism Fund shall be administered by the Department of Community and Economic Development. **[All] Except as provided under subsection (c.1), all** moneys in the Pennsylvania Gaming Economic Development and Tourism Fund shall be distributed pursuant to a subsequently enacted Economic Development Capital Budget that appropriates money from the fund pursuant to this section. The procedures for enactment, authorization and release of economic development and tourism funds authorized under this section for both capital projects and operational expenditures shall be the same as those provided for in sections 303(a), (b) and (c) and 318(a) of the act of February 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt Enabling Act, without reference to the nature or purpose of the project, and any other statutory provision, if any, necessary to effectuate the release of funds appropriated in such economic development capital budget.

(c) Pennsylvania Gaming Economic Development and Tourism Fund Assessment.—Each licensed gaming entity, *other than a Category 4 slot machine licensee*, shall pay a daily assessment of **[5%] 5.5%** of its gross

terminal revenue to the Pennsylvania Gaming Economic Development and Tourism Fund.

(c.1) Supplemental Pennsylvania Gaming Economic Development and Tourism Fund Assessment.—*In addition to subsection (c), beginning January 1, 2018, each licensed gaming entity, other than a Category 4 slot machine licensee, shall pay a supplemental daily assessment of 0.5% of its gross terminal revenue to the Casino Marketing and Capital Development Account. The following shall apply:*

(1) *The board shall submit notice to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin when the gross terminal revenue for each Category 1 and Category 2 slot machine licensee for the previous fiscal year exceeds \$200,000,000 and the gross terminal revenue for each Category 3 slot machine licensee for the previous fiscal year exceeds \$50,000,000.*

(2) *This subsection shall expire on the earlier of:*

- (i)** *ten years after the effective date of this subsection; or*
- (ii)** *the date of publication of the notice under paragraph (1).*

(d) *Restrictions on projects for certain counties and cities.*—Except as set forth in [subsection] subsections (d.1), (d.2), (d.3) and (d.4), for a ten-year period beginning with the first fiscal year during which deposits are made into this fund, no moneys from the Pennsylvania Gaming Economic Development and Tourism Fund shall be distributed for any project located in a city or county of the first or second class except as authorized by this subsection. Moneys not used for the authorized projects in cities and counties of the first and second classes may be used throughout this Commonwealth. Moneys from the fund for projects within cities and counties of the first and second classes may only be used for the following projects during this ten-year period:

* * *

(d.2) Project extension.—*Notwithstanding any provision of this title or the act of July 25, 2007 (P.L.342, No.53), known as the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007, the projects under subsections (d)(4) and (5) and (d.1) shall be authorized beyond the expiration date of each of the projects set forth in the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007. The following shall apply:*

(1) *Annual allocations for projects under subsection (d)(4) and (5), and under the former subsection (d)(7) as of the effective date of subsection (d.1), shall continue in accordance with the amounts set forth in section 4 of the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007.*

(2) *Annual allocations under subsection (d)(5) shall be deposited into the restricted receipts account established under subsection (d.1) and used for projects as set forth in subsection (d.1)(1).*

(d.3) Regional economic development corporation.—*For a ten-year period beginning with fiscal year 2019-2020, the amount of \$2,000,000 annually shall be allocated from the Pennsylvania Gaming Economic Development and Tourism Fund for distribution to a regional economic*

development corporation in two contiguous counties of the third class where a city of the third class is located in more than one county of the third class for debt service on the construction of a science and education center in a city of the third class that is also the county seat located in a county of the third class in which a Category 2 licensed facility is located in a city of the third class which is located in more than one county of the third class. Unused funds from this allocation shall be distributed by the same regional economic development corporation located in two contiguous counties of the third class where a city of the third class is located in more than one county of the third class for debt service on the construction of one or more facilities that provide a science, education, arts, technology or recreational use in one or both contiguous counties of the third class where a city of the third class is located in more than one county of the third class. The funds allocated under this subsection shall be distributed in accordance with subsection (b).

(d.4) Regional Sports Commission.—Notwithstanding any provision of this title or the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007, the annual allocation authorized under subsection (d)(10) on and after the effective date of this subsection shall continue in accordance with the amounts under section 4 of the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act of 2007 and shall be deposited into a restricted receipts account to be used exclusively by an authority created under Article XXV-A of the act of July 28, 1953 (P.L. 723, No.230), known as the Second Class County Code, in a county of the second class for the establishment, administration and maintenance of a Regional Sports Commission.

* * *

Section 27.5. Title 4 is amended by adding a section to read:

§ 1407.1. Casino Marketing and Capital Development Account.

(a) Establishment.—There is established in the Pennsylvania Gaming Economic Development and Tourism Fund a restricted account to be known as the Casino Marketing and Capital Development Account.

(b) Administration and distribution.—The Casino Marketing and Capital Development Account shall be administered by the board. All money in the Casino Marketing and Capital Development Account shall be distributed as grants in accordance with this section. The Department of Community and Economic Development shall make payments to grant recipients as directed by the board.

(c) Grant procedures.—The board shall establish procedures for a slot machine licensee, other than a Category 4 slot machine licensee, to apply for grants from the Casino Marketing and Capital Development Account. The board shall determine the form and manner in which an application for a grant may be filed with the board.

(d) Program guidelines.—The board shall establish program guidelines. Each slot machine licensee, other than a Category 4 slot machine licensee, that has been licensed for at least two years, may apply to the board for a grant under this section. Each grant awarded under this

section shall be used by the slot machine licensee for marketing or capital development.

(e) Distribution of grants.—

(1) Each year, before the board awards a grant under this section, the following distributions shall be made:

(i) Each Category 1 or Category 2 slot machine licensee with gross terminal revenues of \$150,000,000 or less for the previous fiscal year shall receive \$4,000,000.

(ii) Each Category 1 or Category 2 slot machine licensee with gross terminal revenues of more than \$150,000,000 but less than \$200,000,000 for the previous fiscal year shall receive \$2,500,000.

(iii) Each Category 3 slot machine licensee with gross terminal revenue of less than \$50,000,000 for the previous fiscal year shall receive \$500,000.

(iv) If there is insufficient money in the Casino Marketing and Capital Development Account to make the required distributions under subparagraphs (i), (ii) and (iii), distributions shall be made in the proportion of:

(A) the eligible licensees under each subparagraph; to

(B) the total amount of money in the Casino Marketing and Capital Development Account.

(2) After distribution under paragraph (1), remaining money in the Casino Marketing and Capital Development Account shall be distributed by the board to other slot machine licensees, other than Category 4 slot machine licensees, that have applied for grants.

(3) (i) No slot machine licensee may receive more than \$4,000,000 from the Casino Marketing and Capital Development Account in one year.

(ii) A slot machine licensee may not receive any funds from the Casino Marketing and Capital Development Account during the first two years following licensure.

(f) Expiration.—

(1) The board shall submit notice to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin when the gross terminal revenue for each Category 1 and Category 2 slot machine licensee for the previous fiscal year exceeds \$200,000,000 and the gross terminal revenue for each Category 3 slot machine licensee for the previous fiscal year exceeds \$50,000,000.

(2) This section shall expire on the earlier of:

(i) ten years after the effective date of this subsection; or

(ii) the date of publication of the notice under paragraph (1).

(g) Definition.—As used in this section, the term "capital development" shall include, but not be limited to, expansion or renovation of an existing licensed facility or constructing or expanding amenities at a licensed facility.

Section 27.6. Section 1408(a) and (c) of Title 4 are amended and the section is amended by adding a subsection to read:

§ 1408. Transfers from State Gaming Fund.

(a) Transfer for compulsive and problem gambling treatment.—Each year, the sum of \$2,000,000 or an amount equal to .002 multiplied by the total gross terminal revenue of all active and operating licensed gaming entities, whichever is greater, shall be transferred into the Compulsive and Problem Gambling Treatment Fund established in section 1509 (relating to compulsive and problem gambling program). *Gross terminal revenue generated at a Category 4 licensed facility shall not be included in calculating the assessment under this subsection.*

* * *

(c) Local law enforcement grants.—[Annually] *Except as provided in subsection (c.1), annually*, the sum of \$2,000,000 shall be transferred to the board for the purpose of issuing grants to local law enforcement agencies to investigate violations of and enforce laws relating to unlawful gambling in this Commonwealth. For purposes of this subsection, the term "local law enforcement agency" shall include the Pennsylvania State Police when conducting unlawful gambling enforcement and prevention activities in a municipality which does not have a municipal police department and in which the Pennsylvania State Police provide the municipality with primary police coverage.

(c.1) Transfer to the Casino Marketing and Capital Development Account.—Beginning July 1, 2017, and each year thereafter, \$2,000,000 shall be transferred to the Casino Marketing and Capital Development Account established in section 1407.1 (relating to Casino Marketing and Capital Development Account). Any money not committed for local law enforcement grants under subsection (c) on the effective date of this subsection shall be transferred to the Casino Marketing and Capital Development Account. The following shall apply:

(1) The board shall submit notice to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin when the gross terminal revenue for each Category 1 and Category 2 slot machine licensee for the previous fiscal year exceeds \$200,000,000 and the gross terminal revenue for each Category 3 slot machine licensee for the previous fiscal year exceeds \$50,000,000.

(2) This subsection shall expire on the earlier of:
(i) ten years after the effective date of this subsection; or
(ii) the date of publication of the notice under paragraph (1).

* * *

Section 28. Sections 1501(b), 1504 and 1509 of Title 4 are amended to read:

§ 1501. Responsibility and authority of department.

* * *

(b) Application of rules and regulations.—The department may prescribe the extent, if any, to which any rules and regulations shall be applied without retroactive effect. The department shall have authority to prescribe the forms and the system of accounting and recordkeeping to be employed and through its representative shall at all times have power of access to and examination and audit of any equipment and records relating to all aspects of the operation of slot machines [and], table games *and interactive gaming* under this part.

* * *

§ 1504. Wagering on credit.

(a) **General rule.**—Except as otherwise provided in this section, slot machine licensees shall not extend credit. Slot machine licensees shall not accept credit cards, charge cards or debit cards from a patron or a player for the exchange or purchase of slot machine credits or for an advance of coins or currency to be utilized by a player to play slot machine games or extend credit in any manner to a player so as to enable the player to play slot machines. Slot machine licensees who hold a table game operation certificate may extend credit for slot machine gaming in accordance with section 13A26 (relating to cash equivalents).

(b) **Prepaid access instruments.**—***Prepaid access instruments are not deemed to be a credit card, charge card, debit card or any other instrument of credit and are not prohibited under this section.***

§ 1509. Compulsive and problem gambling program.

(a) Establishment of program.—The Department of [Health] ***Drug and Alcohol Programs or successor agency***, in consultation with organizations similar to the Mid-Atlantic Addiction Training Institute, shall develop program guidelines for public education, awareness and training regarding compulsive and problem gambling and the treatment and prevention of compulsive and problem gambling. The guidelines shall include strategies for the prevention of compulsive and problem gambling. The Department of [Health] ***Drug and Alcohol Programs or successor agency*** may consult with the board and licensed gaming entities to develop such strategies.

(a.1) Duties of Department of [Health] ***Drug and Alcohol Programs or successor agency***.—From funds available in the Compulsive and Problem Gambling Treatment Fund, the Department of [Health] ***Drug and Alcohol Programs or successor agency*** shall:

(1) Maintain [a] ***one*** compulsive gamblers assistance organization's toll-free problem gambling telephone number, ***which shall be the number 1-800-GAMBLER***, to provide crisis counseling and referral services to individuals and families experiencing difficulty as a result of problem or compulsive gambling. ***If the Department of Drug and Alcohol Programs or successor agency determines that it is unable to adopt the number 1-800-GAMBLER, the Department of Drug and Alcohol Programs or successor agency shall maintain another number.***

(2) Facilitate, through in-service training and other means, the availability of effective assistance programs for problem and compulsive gamblers and family members affected by problem and compulsive gambling.

(3) At its discretion, conduct studies to identify individuals in this Commonwealth who are or are at risk of becoming problem or compulsive gamblers.

(4) Provide grants to and contract with single county authorities and other organizations which provide services as set forth in this section.

(5) Reimburse organizations for reasonable expenses incurred assisting the Department of [Health] ***Drug and Alcohol Programs or successor agency*** with implementing this section.

(a.2) Duties of Department of **[Health] Drug and Alcohol Programs or successor agency** and board.—**[Within 60 days following the effective date of this subsection, the]** *The* Department of **[Health's Bureau of]** Drug and Alcohol Programs *or successor agency* and the board's Office of Compulsive and Problem Gambling shall jointly collaborate with other appropriate offices and agencies of State or local government, including single county authorities, and providers and other persons, public or private, with expertise in compulsive and problem gambling treatment to do the following:

(1) Implement a strategic plan for the prevention and treatment of compulsive and problem gambling.

(2) Adopt compulsive and problem gambling treatment standards to be integrated with the **[Bureau] Department** of Drug and Alcohol Program's *or successor agency's* uniform Statewide guidelines that govern the provision of addiction treatment services.

(3) Develop a method to coordinate compulsive and problem gambling data collection and referral information to crisis response hotlines, child welfare and domestic violence programs and providers and other appropriate programs and providers.

(4) Develop and disseminate educational materials to provide public awareness related to the prevention, recognition and treatment of compulsive and problem gambling.

(5) Develop demographic-specific compulsive and problem gambling prevention, intervention and treatment programs.

(6) Prepare an itemized budget outlining how funds will be allocated to fulfill the responsibilities under this section.

(b) Compulsive and Problem Gambling Treatment Fund.—There is hereby established in the State Treasury a special fund to be known as the Compulsive and Problem Gambling Treatment Fund. All moneys in the fund shall be administered by the Department of **[Health] Drug and Alcohol Programs or successor agency** and expended solely for programs for the prevention and treatment of gambling addiction and other emotional and behavioral problems associated with or related to gambling addiction and for the administration of the compulsive and problem gambling program, provided that the Department of **[Health] Drug and Alcohol Programs or successor agency** shall annually distribute at least 50% of the money in the fund to single county authorities under subsection (d). The fund shall consist of money annually allocated to it from the annual payment established under section 1408(a) (relating to transfers from State Gaming Fund), money which may be allocated by the board, interest earnings on moneys in the fund and any other contributions, payments or deposits which may be made to the fund.

(c) Notice of availability of assistance.—

(1) **[Each] Except as otherwise provided for in paragraph (4), each** slot machine licensee shall **[obtain a] use the** toll-free telephone number **[to be used] established by the Department of Drug and Alcohol Programs or successor agency in subsection (a.1)(1)** to provide persons with information on assistance for compulsive or problem gambling. Each

licensee shall conspicuously post at least 20 signs similar to the following statement:

If you or someone you know has a gambling problem, help is available. Call (Toll-free telephone number).

The signs must be posted within 50 feet of each entrance and exit, within 50 feet of each automated teller machine location within the licensed facility and in other appropriate public areas of the licensed facility as determined by the slot machine licensee.

(2) Each racetrack where slot machines or table games are operated shall print a statement on daily racing programs provided to the general public that is similar to the following:

If you or someone you know has a gambling problem, help is available. Call (Toll-free telephone number).

Except as otherwise provided for in paragraph (4), the toll-free telephone number shall be the same telephone number established by the Department of Drug and Alcohol Programs or successor agency under subsection (a.1)(1).

(2.1) Each interactive gaming certificate holder and interactive gaming operator:

(i) Shall cause the words:

If you or someone you know has a gambling problem, help is available. Call (Toll-free telephone number).

or some comparable language approved by the board, which language shall include the words "gambling problem" and "call 1-800-XXXX," to be prominently displayed to any person visiting or logging onto the interactive gaming certificate holder's interactive gaming skin or interactive gaming website.

(ii) Shall provide a mechanism by which an interactive gaming account holder may establish the following controls on wagering activity through the interactive gaming account:

(A) A limit on the amount of money lost within a specified period of time and the length of time the account holder will be unable to participate in gaming if the holder reaches the established loss limit.

(B) A limit on the maximum amount of any single wager on any interactive game.

(C) A temporary suspension of interactive gaming through the account for any number of hours or days.

(iii) Shall not knowingly mail or otherwise forward any gaming-related promotional material or e-mail to a registered player during any period in which interactive gaming through the registered players' interactive gaming account has been suspended or terminated. The interactive gaming certificate holder shall provide a mechanism by which a registered player may change the controls. Notwithstanding any other provision of this subparagraph, while interactive gaming through the interactive gaming account is suspended, the registered player may not change gaming controls until the suspension expires, but the registered player shall continue to have access to the account and shall be permitted to withdraw

funds from the account upon proper application for the funds to the interactive gaming certificate holder.

(3) A [licensed facility] *licensed gaming entity, interactive gaming certificate holder or interactive gaming operator, as the case may be*, which fails to post or print the warning sign in accordance with paragraph (1) [or], (2) *or (2.1)(i)* shall be assessed a fine of \$1,000 a day for each day the minimum number of signs are not posted or the required statement is not printed as provided in this subsection.

(3.1) An interactive gaming certificate holder or interactive gaming operator, as the case may be, that fails to establish the mechanisms, controls and systems in accordance with paragraph (2.1)(ii) and (iii) shall be assessed a fine of not less than \$5,000 per day for each day the mechanisms, controls and systems are not available to interactive gaming account holders.

(4) Slot machine licensees or racetracks utilizing a toll-free telephone number other than the number established by the Department of Drug and Alcohol Programs or successor agency under subsection (a.1)(1) prior to the effective date of this paragraph may continue to use that number for a period not to exceed three years from the effective date of this paragraph upon showing good cause to the Department of Drug and Alcohol Programs or successor agency.

(d) Single county authorities.—The Department of [Health] *Drug and Alcohol Programs or successor agency* shall make grants from the fund established under subsection (b) to single county authorities created pursuant to the act of April 14, 1972 (P.L.221, No.63), known as the Pennsylvania Drug and Alcohol Abuse Control Act, for the purpose of providing compulsive gambling and gambling addiction prevention, treatment and education programs. Treatment may include financial counseling, irrespective of whether the financial counseling is provided by the single county authority, the treatment service provider or subcontracted to a third party. It is the intention of the General Assembly that any grants made by the Department of [Health] *Drug and Alcohol Programs or successor agency* to any single county authority in accordance with the provisions of this subsection be used exclusively for the development and implementation of compulsive and problem gambling programs authorized under this section.

(d.1) Eligibility.—Eligibility to receive treatment services for treatment of compulsive and problem gambling under this section shall be determined using financial eligibility and other requirements of the single county authorities as approved by the Department of [Health] *Drug and Alcohol Programs or successor agency*.

(d.2) Report.—[No later than October 1, 2010, and each] *Annually on October 1 [thereafter]*, the Department of [Health] *Drug and Alcohol Programs or successor agency*, in consultation with the board, shall prepare and submit a report on the impact of the programs funded by the Compulsive and Problem Gambling Treatment Fund to the Governor and to the members of the General Assembly. The report shall include aggregate demographic-specific data, including race, gender, geography and income of those individuals treated.

(e) Definition.—As used in subsection (d), the term "single county authority" means the agency designated by the Department of Health pursuant to [the act of April 14, 1972 (P.L.221, No.63), known as] the Pennsylvania Drug and Alcohol Abuse Control Act, to plan and coordinate drug and alcohol prevention, intervention and treatment services for a geographic area, which may consist of one or more counties.

Section 28.1. Section 1510(a) of Title 4 is amended to read:

§ 1510. Labor hiring preferences.

(a) Category 1, *Category 2*, [and] *Category 3 and Category 4* licensed facilities, generally.—Each licensed gaming entity shall prepare a hiring plan for employees of its respective licensed facility which promotes a diverse work force, minority participation and personnel from within the surrounding geographical area. The hiring plan shall be approved by the board and shall be consistent with the goals outlined in sections 1212 (relating to diversity goals of board) and 13A04 (relating to Commonwealth resident employment goals) and shall be updated annually.

* * *

Section 29. Section 1512 of Title 4 is amended by adding a subsection to read:

§ 1512. Financial and employment interests.

* * *

(a.6) Prohibition related to interactive gaming.—

(1) Except as may be provided by rule or order of the Pennsylvania Supreme Court and except as provided in section 1202.1 (relating to code of conduct) or 1512.1 (relating to additional restrictions), no executive-level public employee, public official or party officer or immediate family member thereof shall hold, directly or indirectly, a financial interest in, be employed by or represent, appear for, or negotiate on behalf of, or derive any remuneration, payment, benefit or any other thing of value for any services, including, but not limited to, consulting or similar services from any holder of or applicant for an interactive gaming certificate, holder of or applicant for an interactive gaming license or other authorization to conduct interactive gaming or any holding, subsidiary or intermediary company with respect thereto, or any business, association, enterprise or other entity that is organized in whole or in part for the purpose of promoting, advocating for or advancing the interests of the interactive gaming industry generally or any interactive gaming-related business or businesses in connection with any cause, application or matter. The financial interest and employment prohibitions under this paragraph shall remain in effect for one year following termination of the individual's status as an executive-level public employee, public official or party officer.

(2) Notwithstanding paragraph (1), a member of the immediate family of an executive-level public employee, public official or party officer may hold employment with the holder of or applicant for an interactive gaming certificate, holder of or applicant for an interactive gaming license or other authorization to conduct interactive gaming or any holding, subsidiary or intermediary company with respect thereto, if in the judgment of the State Ethics Commission or the Supreme Court,

as appropriate, employment will not interfere with the responsibilities of the executive-level public employee, public official or party officer and will not create a conflict of interest or reasonable risk of the public perception of a conflict of interest on the part of the executive-level public employee, public official or party officer.

* * *

Section 30. Sections 1513(a), 1514 heading, (a), (d), (e) and (f), 1515, 1516 and 1517(b)(1), (c)(6) and (12) and (e)(1) of Title 4 are amended to read:

§ 1513. Political influence.

(a) Contribution restriction.—The following persons shall be prohibited from contributing any money or in-kind contribution to a candidate for nomination or election to any public office in this Commonwealth, or to any political party committee or other political committee in this Commonwealth or to any group, committee or association organized in support of a candidate, political party committee or other political committee in this Commonwealth:

(1) An applicant for a slot machine license, manufacturer license, supplier license, principal license, key employee license, *interactive gaming license* or horse or harness racing license.

(2) A slot machine licensee, licensed manufacturer, licensed supplier, *interactive gaming operator* or licensed racing entity.

(3) A licensed principal or licensed key employee of a slot machine licensee, licensed manufacturer, licensed supplier, *interactive gaming operator* or licensed racing entity.

(4) An affiliate, intermediary, subsidiary or holding company of a slot machine licensee, licensed manufacturer, licensed supplier, *interactive gaming operator* or licensed racing entity.

(5) A licensed principal or licensed key employee of an affiliate, intermediary, subsidiary or holding company of a slot machine licensee, licensed manufacturer, licensed supplier, *interactive gaming operator* or licensed racing entity.

(6) A person who holds a similar gaming license in another jurisdiction and the affiliates, intermediaries, subsidiaries, holding companies, principals or key employees thereof.

* * *

§ 1514. Regulation requiring exclusion [**or**], ejection *or denial of access* of certain persons.

(a) General rule.—The board shall by regulation provide for the establishment of a list of persons who are to be excluded or ejected from any licensed facility *or who may be denied access to interactive gaming*. The provisions shall define the standards for exclusion and shall include standards relating to persons who are career or professional offenders as defined by regulations of the board or whose presence in a licensed facility *or whose access to interactive gaming* would, in the opinion of the board, be inimical to the interest of the Commonwealth or of licensed gaming therein, or both.

* * *

(d) Sanctions.—The board may impose sanctions upon a licensed gaming entity *or interactive gaming operator* in accordance with this part if the licensed gaming entity knowingly fails to exclude or eject from the premises of any licensed facility *or deny access to interactive gaming* any person placed by the board on the list of persons to be excluded [or], ejected *or denied access*.

(e) List not all-inclusive.—Any list compiled by the board of persons to be excluded [or], ejected *or denied access* shall not be deemed an all-inclusive list, and a licensed gaming entity shall have a duty to keep from the licensed facility *and from interactive gaming* persons known to it to be within the classifications declared in this section and the regulations promulgated under this section whose presence in a licensed facility *or whose participation in interactive gaming* would be inimical to the interest of the Commonwealth or of licensed gaming therein, or both, as defined in standards established by the board.

(f) Notice.—Whenever the bureau seeks to place the name of any person on a list pursuant to this section, the bureau shall serve notice of this fact to such person by personal service or certified mail at the last known address of the person. The notice shall inform the person of the right to request a hearing under subsection (g). *The bureau may also provide notice by electronic mail, if the electronic mail address of the person is known to the bureau.*

* * *

§ 1515. Repeat offenders excludable from licensed gaming facility.

A licensed gaming entity may exclude or eject from its licensed facility *or deny access to interactive gaming* any person who is known to it to have been convicted of a misdemeanor or felony committed in or on the premises of any licensed facility. Nothing in this section or in any other law of this Commonwealth shall limit the right of a licensed gaming entity to exercise its common law right to exclude or eject permanently from its licensed facility *or permanently deny access to its interactive gaming* any person who disrupts the operations of its premises *or its interactive gaming*, threatens the security of its premises or its occupants or is disorderly or intoxicated[.] *or who threatens the security of its licensed facility or the area of a licensed facility where interactive gaming operations are managed, administered or controlled.*

§ 1516. List of persons self excluded from gaming activities.

(a) General rule.—The board shall provide by regulation for the establishment of a list of persons self excluded from gaming activities, *including interactive gaming*, at all licensed facilities. Any person may request placement on the list of self-excluded persons by acknowledging in a manner to be established by the board that the person is a problem gambler and by agreeing that, during any period of voluntary exclusion, the person may not collect any winnings or recover any losses resulting from any gaming activity at licensed facilities, *including interactive gaming*.

(b) Regulations.—The regulations of the board shall establish procedures for placements on and removals from the list of self-excluded persons. The regulations shall establish procedures for the transmittal to licensed gaming entities of identifying information concerning self-excluded persons and

shall require licensed gaming entities to establish procedures designed at a minimum to **deny self-excluded persons access to interactive gaming and to remove self-excluded persons from targeted mailings or other forms of advertising or promotions and deny self-excluded persons access to complimentarys, check cashing privileges, club programs and other similar benefits.**

(c) Liability.—A licensed gaming entity or employee thereof shall not be liable to any self-excluded person or to any other party in any judicial proceeding for any harm, monetary or otherwise, which may arise as a result of:

(1) the failure of a licensed gaming entity to withhold gaming privileges from or restore gaming privileges to a self-excluded person; [or]

(1.1) the failure of an interactive gaming certificate holder or interactive gaming operator to withhold interactive gaming privileges from or restore interactive gaming privileges to a self-excluded person; or

(2) otherwise permitting or not permitting a self-excluded person to engage in gaming activity in the facility ***or participate in interactive gaming*** while on the list of self-excluded persons.

(d) Disclosure.—Notwithstanding any other law to the contrary, the board's list of self-excluded persons shall not be open to public inspection. Nothing in this section, however, shall be construed to prohibit a licensed gaming entity from disclosing the identity of persons self excluded pursuant to this section to affiliated gaming entities in this Commonwealth or other jurisdictions for the limited purpose of assisting in the proper administration of responsible gaming programs operated by affiliated licensed gaming entities.

§ 1517. Investigations and enforcement.

* * *

(b) Powers and duties of department.—

(1) The department shall at all times have the power of access to examine and audit equipment and records relating to all aspects of the operation of slot machines [or], table games ***or interactive games*** under this part.

* * *

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

* * *

(6) Enforce the criminal provisions of this part and all other criminal laws of the Commonwealth[.], ***including, but not limited to, within a licensed facility and parking lots under control of a slot machine licensee adjacent to a licensed facility.***

* * *

(12) Conduct audits or verification of information of slot machine [or], table game operations, ***including the operation of slot machines used in a multistate wide-area progressive slot machine system and in the operation of skill or hybrid slot machines and interactive gaming***

operations at such times, under such circumstances and to such extent as the bureau determines. This paragraph includes reviews of accounting, administrative and financial records and management control systems, procedures and records utilized by a slot machine licensee.

* * *

(e) Inspection, seizure and warrants.—

(1) The bureau, the department and the Pennsylvania State Police shall have the authority without notice and without warrant to do all of the following in the performance of their duties:

(i) Inspect and examine all premises where slot machine [**or**], table game **and interactive gaming** operations are conducted, slot machines, table game devices and associated equipment **and interactive gaming devices and associated equipment** are manufactured, sold, distributed or serviced or where records of these activities are prepared or maintained.

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

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

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

(v) Seize, impound or assume physical control of any book, record, ledger, game, device, cash box and its contents, count room or its equipment, **interactive gaming devices and associated equipment** or slot machine [**or**], table game **or interactive gaming** operations.

* * *

Section 31. Section 1518(a)(1), (2), (3), (4), (5), (7.1), (11), (13), (13.1), (15) and (17) and (b)(1), (2) and (3) of Title 4 are amended and subsections (a) and (b) are amended by adding paragraphs to read:
§ 1518. Prohibited acts; penalties.

(a) Criminal offenses.—

(1) The provisions of 18 Pa.C.S. § 4902 (relating to perjury), 4903 (relating to false swearing) or 4904 (relating to unsworn falsification to authorities) shall apply to any person providing information or making any statement, whether written or oral, to the board, **the commission**, the bureau, the department, the Pennsylvania State Police or the Office of Attorney General, as required by this [**part**] **title**.

(2) It shall be unlawful for a person to willfully:

(i) fail to report, pay or truthfully account for and pay over any license fee, authorization fee, **permit fee**, tax or assessment imposed under this [**part**] **title**; or

(ii) attempt in any manner to evade or defeat any license fee, authorization fee, **permit fee**, **registration fee**, tax or assessment **or any other fee** imposed under this [**part**] **title**.

(3) It shall be unlawful for any licensed entity, gaming employee, key employee or any other person to permit a slot machine, table game or table game device, **interactive game or interactive gaming device or associated equipment** to be operated, transported, repaired or opened on

the premises of a licensed facility by a person other than a person licensed or permitted by the board pursuant to this part.

(3.1) It shall be unlawful for any person who does not possess a valid and then effective interactive gaming certificate or interactive gaming license to accept any wager associated with any authorized interactive game from any individual without verifying the age, identity and physical location of the player at the time of play or wager.

(4) It shall be unlawful for any licensed entity or other person to manufacture, supply or place slot machines, table games, table game devices or associated equipment, ***authorized interactive game or interactive gaming devices or associated equipment*** into play or display slot machines, table games, table game devices or associated equipment on the premises of a licensed facility without the authority of the board.

(4.1) It shall be unlawful for any slot machine licensee to offer interactive games into play or display such games on its interactive gaming skin or Internet website without the approval of the board.

(4.2) It shall be unlawful for any licensed entity or other person to manufacture, supply or place interactive gaming devices or associated equipment into operation at a licensed facility without the approval of the board.

(5) Except as provided for in section 1326 (relating to [license] renewals), it shall be unlawful for a licensed entity or other person to manufacture, supply, operate, carry on or expose for play any slot machine, table game, table game device or associated equipment, ***interactive game or interactive gaming device or associated equipment*** after the person's license has expired and prior to the actual renewal of the license.

* * *

(7.1) It shall be unlawful for an individual to do any of the following:

(i) Use or possess counterfeit, marked, loaded or tampered with table game devices or associated equipment, chips or other cheating devices in the conduct of gaming under this part, except that an authorized employee of a licensee or an authorized employee of the board may possess and use counterfeit chips or table game devices or associated equipment that have been marked, loaded or tampered with, or other cheating devices ***or any unauthorized interactive gaming device or associated equipment*** in performance of the duties of employment for training, investigative or testing purposes only.

(ii) Knowingly, by a trick or sleight of hand performance or by fraud or fraudulent scheme, ***or manipulation***, table game device or other device, ***or interactive gaming device*** for himself or for another, win or attempt to win any cash, property or prize at a licensed facility or to reduce or attempt to reduce a losing wager.

(7.2) It shall be unlawful for a person to knowingly alter, tamper or manipulate interactive gaming devices or associated equipment, including software, system programs, hardware and any other device or associated equipment used in interactive gaming operations, in order to alter the odds or the payout of an interactive game or to disable the

interactive game from operating according to the rules of the game as authorized by the board.

(7.3) It shall be unlawful for a person to knowingly offer or allow to be offered any authorized interactive game that has been altered, tampered with or manipulated in a way that affects the odds or the payout of an authorized interactive game or disables the interactive game from operating according to the authorized rules of the game as authorized by the board.

* * *

(11) It shall be unlawful for a licensed gaming entity that is a licensed racing entity and that has lost the license issued to it by [either] the State Horse Racing Commission or the State Harness Racing Commission under the Race Horse Industry Reform Act or that has had that license suspended to operate slot machines [or], table games *or authorized interactive games* at the racetrack for which its slot machine license was issued unless the license issued to it by either the State Horse Racing Commission or the State Harness Racing Commission will be subsequently reissued or reinstated within 30 days after the loss or suspension.

* * *

(13) It shall be unlawful for an individual under 21 years of age to enter and remain in any area of a licensed facility where slot machines are operated or the play of table games is conducted, except that an individual 18 years of age or older employed by a slot machine licensee, a gaming service provider, the board or any other regulatory or emergency response agency may enter and remain in any such area while engaged in the performance of the individual's employment duties.

(13.1) It shall be unlawful for an individual under 21 years of age to wager, play or attempt to play a slot machine or table game at a licensed facility *or to wager, play or attempt to play an interactive game.*

(13.2) It shall be unlawful to allow a person under 21 years of age to open, maintain or use in any way an interactive gaming account. Any interactive gaming certificate holder, interactive gaming operator or employee of an interactive gaming certificate holder or interactive gaming operator or other such person who knowingly allows a person under 21 years of age to open, maintain or use an interactive gaming account shall be subject to the penalty set forth in this section, except that the establishment of all of the following facts by an interactive gaming certificate holder, interactive gaming operator or employee of an interactive gaming certificate holder, interactive gaming operator or other such person shall constitute a defense to any regulatory action by the board or the penalty authorized under this section:

(i) the underage person falsely represented that the person was at least 21 years of age in the application for an interactive gaming account; and

(ii) the establishment of the interactive gaming account was made in good faith reliance upon such representation and in the reasonable belief that the underage person was at least 21 years of age.

* * *

(15) It shall be unlawful for a licensed gaming entity to require a wager to be greater than the stated minimum wager or less than the stated maximum wager. However, a wager made by a player and not rejected by a licensed gaming entity prior to commencement of play shall be treated as a valid wager. A wager accepted by a dealer *or through an authorized interactive game* shall be paid or lost in its entirety in accordance with the rules of the game, notwithstanding that the wager exceeded the current table maximum wager *or authorized interactive game wager* or was lower than the current table minimum wager *or minimum interactive game wager*.

* * *

(17) It shall be unlawful for an individual to claim, collect or take, or attempt to claim, collect or take, money or anything of value in or from a slot machine, gaming table or other table game device, *interactive game or interactive gaming device* with the intent to defraud, or to claim, collect or take an amount greater than the amount won, or to manipulate with the intent to cheat, any component of any slot machine, table game or table game device, *interactive game or interactive gaming device* in a manner contrary to the designed and normal operational purpose.

(b) Criminal penalties and fines.—

(1) (i) A person that commits a first offense in violation of 18 Pa.C.S. § 4902, 4903 or 4904 in connection with providing information or making any statement, whether written or oral, to the board, the bureau, the department, the Pennsylvania State Police, the Office of Attorney General or a district attorney as required by this part commits an offense to be graded in accordance with the applicable section violated. A person that is convicted of a second or subsequent violation of 18 Pa.C.S. § 4902, 4903 or 4904 in connection with providing information or making any statement, whether written or oral, to the board, the bureau, the department, the Pennsylvania State Police, the Office of Attorney General or a district attorney as required by this part commits a felony of the second degree.

(ii) A person that violates subsection (a)(2), (3) and (4) through (12) or (17) commits a misdemeanor of the first degree. A person that is convicted of a second or subsequent violation of subsection (a)(2), (3) and (4) through (12) or (17) commits a felony of the second degree.

(2) (i) For a first violation of subsection (a)(1) through (12) or (17), a person shall be sentenced to pay a fine of:

(A) not ~~less than \$75,000 nor~~ more than \$150,000 if the person is an individual;

(B) not less than \$300,000 nor more than \$600,000 if the person is a licensed gaming entity *or an interactive gaming operator*; or

(C) not less than \$150,000 nor more than \$300,000 if the person is a licensed manufacturer or supplier.

(ii) For a second or subsequent violation of subsection (a)(1), (2), (3) and (4) through (12) or (17), a person shall be sentenced to pay a fine of:

(A) not [less than \$150,000 nor] more than \$300,000 if the person is an individual;

(B) not less than \$600,000 nor more than \$1,200,000 if the person is a licensed gaming entity; or

(C) not less than \$300,000 nor more than \$600,000 if the person is a licensed manufacturer or supplier.

(2.1) A person that commits an offense in violation of subsection (a)(3.1) commits a felony and, upon conviction, shall be sentenced to pay a fine of not less than \$500,000 nor more than \$1,000,000. A person that is convicted of a second or subsequent violation of subsection (a)(3.1) commits a felony of the first degree and shall be sentenced to pay a fine of not less than \$1,000,000 nor more than \$2,500,000.

(3) An individual who commits an offense in violation of subsection (a)(13) [or], (13.1) or (13.2) commits a nongambling summary offense and upon conviction of a first offense shall be sentenced to pay a fine of not less than \$200 nor more than \$1,000. An individual that is convicted of a second or subsequent offense under subsection (a)(13) [or], (13.1) or (13.2) shall be sentenced to pay a fine of not less than \$500 nor more than \$1,500. In addition to the fine imposed, an individual convicted of an offense under subsection (a)(13) [or], (13.1) or (13.2) may be sentenced to perform a period of community service not to exceed 40 hours.

* * *

Section 32. Sections 1901 and 1901.1 of Title 4 are amended to read:

§ 1901. Appropriations.

(a) Appropriation to board.—

(1) The sum of \$7,500,000 is hereby appropriated to the Pennsylvania Gaming Control Board for the fiscal period July 1, 2004, to June 30, 2006, to implement and administer the provisions of this part. The money appropriated in this subsection shall be considered a loan from the General Fund [and shall be repaid to the General Fund quarterly commencing with the date slot machine licensees begin operating slot machines under this part]. This appropriation shall be a two-year appropriation and shall not lapse until June 30, 2006.

(2) The sum of \$2,100,000 is hereby appropriated from the State Gaming Fund to the Pennsylvania Gaming Control Board for salaries, wages and all necessary expenses for the proper operation and administration of the Pennsylvania Gaming Control Board for the expansion of gaming associated with table games. This appropriation shall be a supplemental appropriation for fiscal year 2009-2010 and shall be in addition to the appropriation contained in the act of August 19, 2009 (P.L.777, No.9A), known as the Gaming Control Appropriation Act of 2009.

(b) Appropriation to department.—The sum of \$21,100,000 is hereby appropriated from the General Fund to the Department of Revenue for the fiscal period July 1, 2004, to June 30, 2006, to prepare for, implement and administer the provisions of this part. The money appropriated under this

subsection shall be considered a loan from the General Fund [**and shall be repaid to the General Fund quarterly commencing with the date slot machine licensees begin operating slot machines under this part**]. This appropriation shall be a two-year appropriation and shall not lapse until June 30, 2006.

(c) Appropriation to Pennsylvania State Police.—The sum of \$7,500,000 is hereby appropriated from the General Fund to the Pennsylvania State Police for the fiscal period July 1, 2004, to June 30, 2006, to prepare for, implement and administer the provisions of this part. The money appropriated under this subsection shall be considered a loan from the General Fund [**and shall be repaid to the General Fund quarterly commencing when all slot machine licensees begin operating slot machines under this part**]. This appropriation shall be a two-year appropriation and shall not lapse until June 30, 2006.

§ 1901.1. Repayments to [State Gaming] *General* Fund.

[The board shall defer assessing slot machine licensees for payments to the State Gaming Fund for any loans made to the State Gaming Fund until such time as all slot machine licenses have been issued and all licensed gaming entities have commenced the operation of slot machines. The board shall adopt a repayment schedule that assesses to each slot machine licensee costs for the repayment of any such loans in an amount that is proportional to each slot machine licensee's gross terminal revenue.]

(a) *Establishment of repayment schedule.—*

(1) *No later than December 1, 2017, the board, in consultation with all licensed gaming entities, shall establish a schedule governing the repayment by licensed gaming entities of loans provided under section 1901 (relating to appropriations).*

(2) *The repayment of loans provided under section 1901 by licensed gaming entities shall begin no later than January 1, 2018.*

(3) *The repayment schedule shall, at a minimum:*

(i) *Specify the dates upon which the repayments shall be due. Payments may be required on a quarterly, semiannual or annual basis.*

(ii) *Assess each slot machine licensee's costs for repayment of loans under section 1901 in an amount that is proportional to each slot machine licensee's gross terminal revenue.*

(iii) *Result in the total amounts loaned under section 1901 being repaid by June 30, 2019.*

(b) *Deposit.—Payments received under subsection (a) shall be deposited into the General Fund.*

Section 32.1. Title 4 is amended by adding a section to read:

§ 1901.3. *Adverse litigation.*

Notwithstanding any law to the contrary, the board may not consider any application for a Category 4 slot machine license, interactive gaming certificate, interactive gaming license, casino simulcasting certificate or sports wagering certificate if the applicant or any person affiliated with or directly related to the applicant is a party in any ongoing civil proceeding in which the party is seeking to overturn or otherwise challenge a decision

or order of the board pertaining to the approval, denial or conditioning of a license to operate slot machines. This section shall not be interpreted to affect the rights of applicants to seek judicial enforcement of mandatory obligations of the board as may be required by this part.

Section 32.2. Section 1902 of Title 4 is amended to read:

§ 1902. Severability.

(a) General rule.—Except as provided in subsection (b), the provisions of this **[part] title** are severable. If any provision of this **[part] title** or its application to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this **[part] title** which can be given effect without the invalid provision or application.

(b) Limitation.—If any of the provisions of section 1201 (relating to Pennsylvania Gaming Control Board established) or 1209 (relating to slot machine license fee) or their application to any person or circumstance are held to be invalid by any court, the remaining provisions of this **[part] title** and its application shall be void.

Section 32.3. Title 4 is amended by adding a part to read:

PART III VIDEO GAMING

Chapter

- 31. General Provisions**
- 33. Administration**
- 35. Application and Licensure**
- 37. Operation**
- 39. Enforcement**
- 41. Revenues**
- 43. Ethics**
- 45. Miscellaneous Provisions**

CHAPTER 31 GENERAL PROVISIONS

Sec.

3101. Scope of part.

3102. Definitions.

§ 3101. **Scope of part.**

This part relates to video gaming terminals.

§ 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:

"Affiliate," "affiliate of" or "person affiliated with." A person who directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with a specified person.

"Applicant." A person who, on his own behalf or on behalf of another, applies for permission to engage in an act or activity that is regulated under the provisions of this part.

"Associated equipment." *Equipment or a mechanical, electro-mechanical or electronic contrivance, component or machine used in connection with video gaming terminals or redemption terminals, including replacement parts, hardware and software.*

"Background investigation." *A security, criminal, credit and suitability investigation of a person as provided for in this part that includes the status of taxes owed to the United States, the Commonwealth and its political subdivisions.*

"Board." *The Pennsylvania Gaming Control Board established under section 1201 (relating to Pennsylvania Gaming Control Board established).*

"Bureau." *The Bureau of Investigations and Enforcement of the board.*

"Cash." *United States currency and coin.*

"Cash equivalent." *A ticket, token, chip, card or other similar instrument or representation of value that the board deems a cash equivalent in accordance with this part.*

"Central control computer." *A central site computer controlled by the department and accessible by the board to which all video gaming terminals communicate for the purpose of auditing capacity, real-time information retrieval of the details of any financial event that occurs in the operation of a video gaming terminal or redemption terminal, including, but not limited to, coin in, coin out, ticket in, ticket out, jackpots, video gaming terminal and redemption terminal door openings and power failure and remote video gaming terminal or redemption terminal activation and disabling of video gaming terminals or redemption terminals.*

"Cheat."

(I) Any of the following:

(i) To defraud or steal from a player, terminal operator licensee, establishment licensee or the Commonwealth while operating or playing a video gaming terminal, including causing, aiding, abetting or conspiring with another person to do so.

(ii) To alter or causing, aiding, abetting or conspiring with another person to alter the elements of chance, method of selection or criteria that determine:

(A) The result of a video gaming terminal game.

(B) The amount or frequency of payment in a video gaming terminal game.

(C) The value of a wagering instrument.

(D) The value of a wagering credit.

(iii) The term does not include altering a video gaming terminal or associated equipment for maintenance or repair with the approval of a terminal operator licensee and the board.

"Cheating or thieving device." *A device:*

(1) used or possessed with the intent to be used to cheat during the operation or play of a video gaming terminal; or

(2) used to alter a video gaming terminal without the terminal operator licensee's and the board's approval.

"Coin-operated amusement game." *A machine that requires the insertion of a coin, currency or token to play or activate a game the outcome of which is predominantly and primarily determined by the skill of the player.*

"Compensation." *Anything of value, money or a financial benefit conferred on or received by a person in return for services rendered or to be rendered whether by the person or another.*

"Complimentary service." *A lodging, service or item that is provided to an individual at no cost or at a reduced cost that is not generally available to the public under similar circumstances. Group rates, including convention and government rates, shall be deemed to be generally available to the public.*

"Conduct of video gaming." *The licensed placement, operation and play of video gaming terminals under this part, as authorized and approved by the board.*

"Controlling interest." *Any of the following:*

(1) *For a publicly traded domestic or foreign corporation, the term means a person has a controlling interest in a legal entity, applicant or licensee if a person's sole voting rights under State law or corporate articles or bylaws entitle the person to elect or appoint one or more of the members of the board of directors or other governing board or the person holds an ownership or beneficial holding of 5% or more of the securities of the publicly traded corporation, partnership, limited liability company or other form of publicly traded legal entity, unless this presumption of control or ability to elect is rebutted by clear and convincing evidence.*

(2) *For a privately held domestic or foreign corporation, partnership, limited liability company or other form of privately held legal entity, the term means the holding of any securities in the legal entity, unless this presumption of control is rebutted by clear and convincing evidence.*

"Conviction." *A finding of guilt or a plea of guilty or nolo contendere, whether or not a judgment of sentence has been imposed as determined by the law of the jurisdiction in which the prosecution was held. The term does not include a conviction that has been expunged or overturned or for which an individual has been pardoned or had an order of Accelerated Rehabilitative Disposition entered.*

"Corporation." *The term includes a publicly traded corporation.*

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

"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 truck stop 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.*

"Executive-level public employee." *The term shall include the following:*

(1) *A deputy secretary of the Commonwealth and the Governor's Office executive staff.*

(2) *An employee of the executive branch whose duties substantially involve licensing or enforcement under this part, who has discretionary power that may affect or influence the outcome of a Commonwealth agency's action or decision or who is involved in the development of regulations or policies relating to a licensed entity. The term includes an employee with law enforcement authority.*

(3) *An employee of a county or municipality with discretionary powers that may affect or influence the outcome of the county's or municipality's action or decision related to this part or who is involved in the development of law, regulation or policy relating to matters regulated under this part. The term includes an employee with law enforcement authority.*

(4) *An employee of a department, agency, board, commission, authority or other governmental body not included in paragraph (1), (2) or (3) with discretionary power that may affect or influence the outcome of the governmental body's action or decision related to this part or who is involved in the development of regulation or policy relating to matters regulated under this part. The term includes an employee with law enforcement authority.*

"Financial backer." An investor, mortgagee, bondholder, noteholder or other sources of equity or capital provided to an applicant or licensed entity.

"Gambling game." A game that plays or simulates the play of video poker, reel games, blackjack or other similar game authorized by the board.

"Gaming employee."

(1) *Any of the following:*

(i) *An employee of a terminal operator licensee, establishment licensee or supplier licensee that is not a key employee and is involved in the conduct of video gaming.*

(ii) *An employee of a supplier licensee whose duties are directly involved with the repair or distribution of video gaming terminals or associated equipment sold or provided to a terminal operator licensee within this Commonwealth as determined by the board.*

(2) *The term does not include nongaming personnel as determined by the board or an employee of an establishment licensee.*

"Gaming service provider." A person that is not required to be licensed as a terminal operator, manufacturer, supplier or establishment licensee and provides goods or services to a terminal operator licensee that directly relates to the operation and security of a video gaming terminal or redemption terminal. The term shall not include a person that supplies goods or services that, at the discretion of the board, does not impact the integrity of video gaming, video gaming terminals or the connection of video gaming terminals to the central control computer system, including:

(1) *Seating to accompany video gaming terminals.*

(2) *Structural or cosmetic renovations, improvements or other alterations to a video gaming area.*

"Gross terminal revenue." *The total of cash or cash equivalents received by a video gaming terminal minus the total of cash or cash equivalents paid out to players as a result of playing a video gaming terminal. The term does not include counterfeit cash or cash taken in a fraudulent act perpetrated against a terminal operator licensee for which the terminal operator licensee is not reimbursed.*

"Holding company." *A person, other than an individual, which, directly or indirectly, owns or has the power or right to control or to vote a significant part of the outstanding voting securities of a corporation or other form of business organization. A holding company indirectly has, holds or owns any such power, right or security if it does so through an interest in a subsidiary or successive subsidiaries.*

"Incentive." *Consideration, including a promotion or prize, provided to a player or potential player as an enticement to play a video gaming terminal.*

"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, 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.*

"Institutional investor." *A retirement fund administered by a public agency for the exclusive benefit of Federal, State or local public employees, investment company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.), collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, closed-end investment trust, chartered or licensed life insurance company or property and casualty insurance company, banking and other chartered or licensed lending institution, investment advisor registered under The Investment Advisers Act of 1940 (54 Stat. 847, 15 U.S.C. § 80b-1 et seq.) and such other person as the board may determine consistent with this part.*

"Intermediary." *A person, other than an individual, that:*

(1) is a holding company with respect to a corporation or other form of business organization, that holds or applies for a license under this part; and

(2) is a subsidiary with respect to a holding company.

"Key employee." An individual employed by a manufacturer licensee, supplier licensee, terminal operator licensee or establishment licensee that is determined by the board to be a director or department head or otherwise empowered to make discretionary decisions that regulate the conduct of video gaming.

"Key employee licensee." An individual who holds a key employee license.

"Law enforcement authority." The power to conduct investigations of or to make arrests for criminal offenses.

"Licensed entity." A terminal operator licensee, establishment licensee, manufacturer licensee or supplier licensee under this part.

"Licensed entity representative." A person, including an attorney, agent or lobbyist, acting on behalf of or authorized to represent the interest of an applicant, licensee or other person authorized by the board to engage in an act or activity that is regulated under this part regarding a matter before or that may reasonably be expected to come before the board.

"Licensed facility." As defined in section 1103 (relating to definitions).

"Licensed gaming entity." As defined in section 1103.

"Licensee." A person listed under this part.

"Manufacturer." A person that manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs or otherwise makes modifications to a video gaming terminal, redemption terminal or associated equipment for use or play of video gaming terminals in this Commonwealth for video gaming purposes.

"Manufacturer license." A license issued by the board authorizing a manufacturer to manufacture or produce video gaming terminals, redemption terminals or associated equipment for use in this Commonwealth for video gaming purposes.

"Manufacturer licensee." A person that holds a manufacturer license.

"Minor." An individual under 21 years of age.

"Municipality." A city, township, borough or incorporated town.

"Non-key employee." An individual employed by a terminal operator licensee who, unless otherwise designated by the board, is not a key employee.

"Occupation permit." A permit authorizing an individual to be employed or to work as a gaming employee.

"Party." The bureau or an applicant, licensee, registrant or other person appearing of record in any proceeding before the board.

"Permittee." A holder of a permit issued under this part.

"Person." A natural person, corporation, foundation, organization, business trust, estate, limited liability company, trust, partnership, limited liability partnership, association or other form of legal business entity.

"Player." An individual who wagers cash or a cash equivalent in the play or operation of a video gaming terminal and the play or operation of which may deliver or entitle the individual playing or operating the video

gaming terminal to receive cash or a cash equivalent from a terminal operator licensee.

"Principal." An officer, director, person who directly holds a beneficial interest in or ownership of the securities of an applicant or anyone licensed under this part, person who has a controlling interest in an applicant or anyone licensed under this part or has the ability to elect a majority of the board of directors of a licensee or to otherwise control anyone licensed under this part, procurement agent, lender or other licensed financial institution of an applicant or anyone licensed under this part, other than a bank or lending institution which makes a loan or holds a mortgage or other lien acquired in the ordinary course of business, underwriter of an applicant or anyone licensed under this part or other person or employee of an applicant, terminal operator licensee, manufacturer licensee or supplier licensee deemed to be a principal by the board, including a procurement agent.

"Procurement agent." A person that shares in the gross terminal revenue or is otherwise compensated for the purpose of soliciting or procuring a terminal placement agreement.

"Progressive payout." A video game terminal wager payout that increases in a monetary amount based on the amounts wagered in a progressive system.

"Progressive system." A computerized system linking video gaming terminals on the premises of an establishment licensee and offering one or more common progressive payouts based on the amounts wagered.

"Publicly traded corporation." A person, other than an individual, that:

(1) has a class or series of securities registered under the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78a et seq.);

(2) is a registered management company under the Investment Company Act of 1940; or

(3) is subject to the reporting obligations imposed by section 15(d) of the Securities Exchange Act of 1934 by reason of having filed a registration statement that has become effective under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.).

"Redemption terminal." The collective hardware, software, communications technology and other ancillary equipment used to facilitate the payment of cash or a cash equivalent to a player as a result of playing a video gaming terminal.

"Security." As defined in the act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972.

"Slot machine." As defined in section 1103.

"State Treasurer." The State Treasurer of the Commonwealth.

"Subsidiary." As defined in section 1103.

"Supplier." A person that sells, leases, offers or otherwise provides, distributes or services any video gaming terminal, redemption terminal or associated equipment to a terminal operator licensee for use or play in this Commonwealth.

"Supplier license." A license issued by the board authorizing a supplier to provide products or services related to video gaming terminals,

redemption terminals or associated equipment to terminal operator licensees for use in this Commonwealth for the conduct of video gaming.

"Supplier licensee." A person that holds a supplier license.

"Terminal operator." A person that owns, services or maintains video gaming terminals for placement and operation on the premises of an establishment licensee.

"Terminal operator license." A license issued by the board authorizing a terminal operator to place and operate video gaming terminals in an establishment licensee's premises pursuant to this part and the rules and regulations promulgated under this part.

"Terminal operator licensee." A person that holds a terminal operator license.

"Terminal placement agreement." The formal written agreement or contract between an applicant for a terminal operator license or terminal operator licensee and an applicant for an establishment license or establishment licensee that establishes the terms and conditions regarding the conduct of video gaming.

"Truck stop establishment." A premises that:

(1) Is equipped with diesel islands used for fueling commercial motor vehicles.

(2) Has sold on average 50,000 gallons of diesel or biodiesel fuel each month for the previous 12 months or is projected to sell an average of 50,000 gallons of diesel or biodiesel fuel each month for the next 12 months.

(3) Has at least 20 parking spaces dedicated for commercial motor vehicles.

(4) Has a convenience store.

(5) Is situated on a parcel of land of not less than three acres that the truck stop establishment owns or leases.

(6) Is not located on any property owned by the Pennsylvania Turnpike.

"Video gaming area." The area of an establishment licensee's premises where video gaming terminals and redemption terminals are installed for operation and play.

"Video gaming employees." The term includes gaming employees, key employees and non-key employees.

"Video Gaming Fund." The fund established in section 4102 (relating to taxes and assessments).

"Video gaming terminal."

(1) A mechanical or electrical contrivance, terminal, machine or other device approved by the board that, upon insertion of cash or cash equivalents, is available to play or operate one or more gambling games, the play of which utilizes a random number generator and:

(i) May award a winning player either a free game or credit that shall only be redeemable for cash or cash equivalents at a redemption terminal.

(ii) May utilize video displays.

(iii) *May use an electronic credit system for receiving wagers and making payouts that are only redeemable at a redemption terminal.*

(2) *Associated equipment necessary to conduct the operation of the contrivance, terminal, machine or other device.*

(3) *The term does not include a slot machine operated at a licensed facility in accordance with Part II (relating to gaming) or a coin-operated amusement game.*

(4) *The term does not include "lottery" as defined under the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law.*

CHAPTER 33 ADMINISTRATION

Sec.

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§ 3301. *Powers of board.*

(a) *General powers.—*

(1) *The board shall have general and sole regulatory authority over the conduct of video gaming or related activities as described in this part. The board shall ensure the integrity of the acquisition and operation of video gaming terminals, redemption terminals and associated equipment and shall have sole regulatory authority over every aspect of the conduct of video gaming.*

(2) *The board may employ individuals as necessary to carry out the requirements of this part who shall serve at the board's pleasure.*

(b) *Specific powers.—The board shall have the power and duty:*

(1) *To require background investigations on applicants, licensees, principals, key employees, procurement agents or gaming employees under the jurisdiction of the board.*

(2) *At its discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance or renewal of terminal operator licenses.*

(3) *At its discretion, to award, revoke, suspend, condition or deny issuance or renewal of establishment licenses.*

(4) *At its discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance or renewal of supplier and manufacturer licenses.*

(5) *At its discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance or renewal of a license or permit for various classes of employees as required under this part.*

(6) *At its discretion, to issue, approve, renew, revoke, suspend, condition or deny issuance or renewal of additional licenses, permits or other authorization that may be required by the board under this part.*

(7) *At its discretion, to suspend, condition or deny the issuance or renewal of a license or permit or levy a fine or other sanction for a violation of this part.*

(8) *To require prospective and existing video gaming employees, independent contractors, applicants, permittees and licensees to submit to fingerprinting by the Pennsylvania State Police or its authorized designee. The Pennsylvania State Police or its authorized designee shall submit the fingerprints to the Federal Bureau of Investigation for purposes of verifying the identity of the individual and obtaining records of criminal arrests and convictions.*

(9) *To require prospective and existing video gaming employees, independent contractors, applicants, permittees and licensees to submit photographs consistent with a statement of policy developed by the board.*

(10) *In addition to the power of the board relating to license and permit applicants, to determine at its discretion the suitability of a person who furnishes or seeks to furnish to a terminal operator licensee directly or indirectly goods, services or property related to video gaming terminals, redemption terminals or associated equipment.*

(11) *To approve an application for or issue or renew a license, certificate, registration, permit or other authorization that may be required by the board, if the board is satisfied that the person has demonstrated by clear and convincing evidence that the person is of good character, honesty and integrity whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest or the effective regulation and control of video gaming terminal operations or create or enhance the danger of unsuitable, unfair or illegal practices, methods and activities in the conduct of video gaming or the carrying on of the business and financial arrangements incidental thereto.*

(12) *To publish on the board's publicly accessible Internet website a complete list of persons or entities who applied for or held a terminal operator license, establishment license, manufacturer license or supplier license at any time during the preceding calendar year and affiliates, intermediaries, subsidiaries and holding companies thereof and the status of the application or license.*

(13) *To prepare and, through the Governor, submit annually to the General Assembly an itemized budget consistent with Article VI of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, consisting of the amounts necessary to be appropriated by the General Assembly out of the accounts established under section 4104 (relating to regulatory assessments) required to meet the obligations under this part accruing during the fiscal period beginning July 1 of the following year.*

(14) *In the event that appropriations for the administration of this part are not enacted by June 30 of any year, funds appropriated for the*

administration of this part which are unexpended, uncommitted and unencumbered at the end of a fiscal year shall remain available for expenditure by the board or other agency to which they were appropriated until the enactment of an appropriation for the ensuing fiscal year.

(15) To collect and post information on the board's publicly accessible Internet website with sufficient detail to inform the public of persons with a controlling interest or ownership interest in an applicant for a terminal operator license or terminal operator licensee or affiliate, intermediary, subsidiary or holding company of an applicant for a terminal operator license. The posting shall include:

(i) If the applicant for a terminal operator license or terminal operator licensee or an affiliate, intermediary, subsidiary or holding company of the applicant for a terminal operator license or terminal operator licensee is a publicly traded domestic or foreign corporation, partnership, limited liability company or other legal entity, the names of persons with a controlling interest.

(ii) If the applicant for a terminal operator license or terminal operator licensee or an affiliate, intermediary, subsidiary or holding company of the applicant for a terminal operator license or terminal operator licensee is a privately held domestic or foreign corporation, partnership, limited liability company or other legal entity, the names of all persons with an ownership interest equal to or greater than 1%.

(iii) The name of a person entitled to cast the vote of a person named under subparagraph (i) or (ii).

(iv) The names of officers, directors and principals of the applicant for a terminal operator license or terminal operator licensee.

(16) Determine, designate and classify employees of a terminal operator licensee as key employees and non-key employees.

§ 3302. Regulatory authority of board.

(a) General rule.—The board shall have the power and duty:

(1) To deny, deny the renewal of, revoke, condition or suspend a license or permit provided for in this part if the board finds in its sole discretion that an applicant, licensee or permittee under this part or its officers, employees or agents have furnished false or misleading information to the board or failed to comply with the provisions of this part or the rules and regulations of the board and that it would be in the public interest to deny, deny the renewal of, revoke, condition or suspend the license or permit.

(2) To restrict access to confidential information in the possession of the board that has been obtained under this part and ensure that the confidentiality of information is maintained and protected.

(3) To prescribe and require periodic financial reporting and internal control requirements for terminal operator licensees.

(4) To require that each terminal operator licensee provide to the board its annual financial statements, with such additional detail as the

board shall require, which shall be submitted not later than 180 days after the end of the licensee's fiscal year.

(5) To prescribe the procedures to be followed by terminal operator licensees for a financial event that occurs in the operation and play of video gaming terminals.

(6) To require that each establishment licensee prohibits minors from operating or using video gaming terminals or redemption terminals.

(7) To establish procedures for the inspection and certification of compliance of video gaming terminals, redemption terminals and associated equipment prior to being placed into use on the premises of an establishment licensee by a terminal operator licensee.

(8) To require that no video gaming terminal may be set to pay out less than the theoretical payout percentage, which percentage shall be no less than 85%, as specifically approved by the board. The board shall adopt regulations that define the theoretical payout percentage of a video gaming terminal game based on the total value of the jackpots expected to be paid by a play on a video gaming terminal game divided by the total value of video gaming terminal wagers expected to be made on that play or video gaming terminal game during the same portion of the game cycle. In so doing, the board shall specify whether the calculation includes a portion of or the entire cycle of a video gaming terminal game.

(9) To require that an establishment license applicant provide detailed site plans of its proposed video gaming area for review and approval by the board for the purpose of determining the adequacy of the proposed security and surveillance measures. The applicant shall cooperate with the board in making changes to the plans suggested by the board and shall ensure that the plans as modified and approved are implemented. The board may not require a floor-to-ceiling wall to segregate the video gaming area, but may adopt rules to establish segregation requirements.

(10) To promulgate rules and regulations governing the advertisement of video gaming terminals, provided that the board shall require all advertisements to display or reference the toll-free problem gambling telephone number maintained by the Department of Drug and Alcohol Programs or successor agency under section 3310(b) (relating to duties of Department of Drug and Alcohol Programs or successor agency).

(11) To enter into contracts with persons for the purposes of carrying out the powers and duties of the board under this part.

(12) To adopt regulations governing the postemployment limitations and restrictions applicable to members and employees of the board subject to section 4302 (relating to additional board restrictions). In developing the regulations, the board may consult with the State Ethics Commission, governmental agencies and the Disciplinary Board of the Supreme Court regarding postemployment limitations and restrictions on members and employees of the board who are members of the Pennsylvania Bar.

(13) To review and approve all cash and cash equivalent handling policies and procedures employed by terminal operator licensees.

(14) To promulgate rules and regulations governing the placement of automated teller machines within video gaming areas.

(15) To establish age-verification procedures for establishment licensees and their employees to ensure minors do not access a video gaming area, video gaming terminal or redemption terminal.

(16) To promulgate rules and regulations governing the interconnection of video gaming terminals within the premises of an establishment licensee for a progressive system.

(17) To promulgate rules and regulations necessary for the administration and enforcement of this part.

(b) Applicable law.—Except as provided in section 3303 (relating to temporary regulations), regulations shall be adopted in accordance with the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, and the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

§ 3303. Temporary regulations.

(a) Promulgation.—In order to facilitate the prompt implementation of this part, regulations promulgated by the board shall be deemed temporary regulations which shall expire no later than two years following the publication of the temporary regulations. The board may promulgate temporary regulations not subject to:

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

(2) Section 204(b) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

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

(b) Expiration.—Except for temporary regulations related to security and surveillance, the authority provided to the board to adopt temporary regulations in subsection (a) shall expire two years following the publication of the temporary regulations. Regulations adopted after that date shall be promulgated as provided by law.

§ 3304. Appeals.

An applicant, licensee or permittee may appeal a final order, determination or decision of the board involving the approval, issuance, denial, revocation, nonrenewal, suspension or conditioning, including any disciplinary actions, of a license, permit or authorization under this part in accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

§ 3305. Records and confidentiality of information.

(a) Records.—The board shall maintain files and records deemed necessary for the administration and enforcement of this part.

(b) Confidentiality of information.—

(1) The following information submitted by an applicant, licensee or permittee under Chapter 35 (relating to application and licensure) or obtained by the board or the bureau as part of a background or other

investigation from any source shall be confidential and withheld from public disclosure:

(i) Information relating to character, honesty and integrity, including family, habits, reputation, history of criminal activity, business activities, financial affairs and business, professional and personal associations submitted to or otherwise obtained by the board or the bureau.

(ii) Nonpublic personal information, including home addresses, telephone numbers and other personal contact information, Social Security numbers, educational records, memberships, medical records, tax returns and declarations, actual or proposed compensation, financial account records, creditworthiness or financial condition relating to an applicant, licensee or permittee or the immediate family thereof.

(iii) Information relating to proprietary information, trade secrets, patents or exclusive licenses, architectural and engineering plans and information relating to competitive marketing materials and strategies, including customer-identifying information or customer prospects for services subject to competition.

(iv) Security information, including risk prevention plans, detection and countermeasures, emergency management plans, security and surveillance plans, equipment and usage protocols and theft and fraud prevention plans and countermeasures.

(v) Information with respect to which there is a reasonable possibility that public release or inspection of the information would constitute an unwarranted invasion into personal privacy of an individual as determined by the board.

(vi) Records of an applicant, licensee or permittee not required to be filed with the Securities and Exchange Commission by issuers that either have securities registered under section 12 of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78l) or are required to file reports under section 15(d) of the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78o).

(vii) Records considered nonpublic matters or information by the Securities and Exchange Commission as provided by 17 CFR 200.80 (relating to commission records and information).

(viii) Financial information provided to the board by an applicant, licensee or permittee.

(2) No claim of confidentiality may be made regarding criminal history record information that is available to the public under 18 Pa.C.S. § 9121(b) (relating to general regulations).

(3) Except as provided in paragraph (1), no claim of confidentiality may be made regarding a record in possession of the board that is otherwise publicly available from the board under the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law.

(4) Except as provided in section 3904(h) (relating to investigations and enforcement), the information made confidential under this section shall be withheld from public disclosure in whole or in part, except that confidential information shall be released upon the order of a court of

competent jurisdiction or, with the approval of the Attorney General, to a duly authorized law enforcement agency or shall be released to the public, in whole or in part, to the extent that the release is requested by an applicant, licensee or permittee and does not otherwise contain confidential information about another person.

(5) The board may seek a voluntary waiver of confidentiality from an applicant, licensee or permittee but may not require an applicant, licensee or permittee to waive the confidentiality provided under this subsection as a condition for the approval of an application, renewal of a license or other action of the board.

(6) (i) No current or former member and no current or former employee, agent or independent contractor of the board, the department, the Pennsylvania State Police, the Office of Attorney General or other executive branch office who has obtained confidential information in the performance of duties under this part shall intentionally disclose the information to a person, knowing that the information being disclosed is confidential under this subsection, unless the person is authorized by law to receive it.

(ii) A violation of this subsection shall constitute a misdemeanor of the third degree.

(iii) In addition to any penalty under subparagraph (ii), an employee, agent or independent contractor who violates this subsection shall be administratively disciplined by discharge, suspension, termination of contract or other formal disciplinary action as appropriate. If a current member violates this paragraph, the other members shall refer the matter to the current member's appointing authority.

(c) Notice.—Notice of the contents of information, except to a duly authorized law enforcement agency pursuant to this section, shall be given to an applicant, licensee or permittee in a manner prescribed by the rules and regulations adopted by the board.

(d) Information held by other agencies.—Files, records, reports and other information in the possession of the department 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.

§ 3306. Reporting.

(a) Report by board.—Beginning October 1, 2018, and every year thereafter, the annual report submitted to the Governor and the General Assembly by the board under section 1211 (relating to reports of board) shall include information on the conduct of video gaming for the previous calendar year:

(1) Total gross terminal revenue.

(2) Total number of terminal operator licensees and establishment licensees.

(3) All taxes, fees, fines and other revenue collected and, where appropriate, revenue disbursed. The department shall collaborate with the board to carry out the requirements of this paragraph.

(4) Other information related to the conduct of video gaming that the board deems appropriate.

(b) Participation.—The board may require terminal operator licensees to provide information to the board to assist in the preparation of the report under subsection (a).

§ 3307. Diversity.

(a) Intent.—It is the intent and goal of the General Assembly that the board promote and ensure diversity in all aspects of the gaming activities authorized under this part.

(b) Reports by applicants.—An applicant for a terminal operator license or establishment license shall submit a diversity plan to the board. At a minimum, the diversity plan shall contain a summary of:

(1) All employee recruitment and retention efforts undertaken to promote the participation of diverse groups in employment with the applicant if issued a terminal operator license or establishment license.

(2) Other information deemed necessary by the board to assess the diversity plan.

(c) Review.—The board shall conduct a review of a diversity plan. When reviewing the adequacy of a diversity plan, the board shall take into consideration the total number of video gaming terminals the applicant proposes to operate within the Commonwealth.

(d) Periodic review.—The board shall periodically review the terminal operator licensee's or establishment licensee's diversity plan and recommend changes.

(e) Applicant or licensee responsibility.—An applicant for a terminal operator license or establishment license or a terminal operator licensee or establishment licensee shall provide information as required by the board to enable the board to complete the reviews required under subsections (c) and (d).

§ 3308. Authority of department.

(a) General rule.—The department shall administer and collect taxes imposed under this part and interest imposed under section 806 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, and promulgate and enforce rules and regulations to carry out its prescribed duties in accordance with this part, including the collection of taxes, penalties and interest imposed by this part.

(b) Application of rules and regulations.—The department may prescribe the extent, if any, to which any rules and regulations shall be applied without retroactive effect. The department shall prescribe the forms and the system of accounting and recordkeeping to be employed and through its representative shall at all times have power of access to and examination and audit of any equipment and records relating to all aspects of the operation of video gaming terminals and redemption terminals under this part.

(c) Procedure.—For purposes of implementing this part, the department may promulgate regulations in the same manner in which the board is authorized as provided in section 3303 (relating to temporary regulations).

(d) Additional penalty.—A person who fails to timely remit to the department or the State Treasurer amounts required under this part shall be liable, in addition to liability imposed elsewhere in this part, to a penalty

of 5% per month up to a maximum of 25% of the amounts ultimately found to be due, to be recovered by the department.

(e) Liens and suits for taxes.—The provisions of this part shall be subject to the provisions of sections 242 and 243 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

§ 3309. Central control computer system.

(a) General rule.—To facilitate the auditing and security programs critical to the integrity of video gaming terminals in this Commonwealth, the department shall have overall control of video gaming terminals that:

(1) Shall be linked, at an appropriate time to be determined by the department, to a central control computer under the control of the department and accessible by the board to provide auditing program capacity and individual terminal information as approved by the department.

(2) Shall include real-time information retrieval and terminal activation and disabling programs.

(b) System requirements.—The central control computer employed by the department shall provide:

(1) A fully operational Statewide video gaming terminal control system that has the capability of supporting up to the maximum number of video gaming terminals that is permitted to be in operation under this part.

(2) The employment of a widely accepted gaming industry protocol to facilitate a video gaming terminal manufacturers' ability to communicate with the Statewide system.

(3) The delivery of a system that has the ability to verify software, detect alterations in payout and detect other methods of fraud in all aspects of the operation of video gaming terminals.

(4) The delivery of a system that has the capability to support progressive video gaming terminals as approved by the board.

(5) The delivery of a system that does not alter the statistical awards of video gaming terminal games as designed by the manufacturer and approved by the board.

(6) The delivery of a system that provides redundancy so that each component of the network is capable of operating independently by the department if any component of the network, including the central control computer, fails or cannot be operated for any reason as determined by the department, and to assure that all transactional data is captured and secured. Costs associated with a computer system required by the department to operate within a video gaming area, whether independent or as part of the central control computer, shall be paid by the terminal operator licensee. The computer system shall be controlled by the department and accessible to the board.

(7) The ability to meet all reporting and control requirements as prescribed by the board and department.

(8) The delivery of a system that provides centralized issuance of cash redemption tickets and facilitates the acceptance of the tickets by video gaming terminals and redemption terminals.

(9) *Other capabilities as determined by the department in consultation with the board.*

(c) *Personal information.—The central control computer may not provide for the monitoring or reading of personal or financial information concerning a patron of a terminal operator licensee.*

(d) *Initial acquisition of central control computer.—*

(1) *Notwithstanding any other provision of law to the contrary and in order to facilitate the prompt implementation of this part, initial contracts entered into by the department for a central control computer, including necessary computer hardware, software, licenses or related services shall not be subject to the provisions of 62 Pa.C.S. (relating to procurement).*

(2) *Contracts made pursuant to the provisions of this section may not exceed five years.*

(e) *Resolution of contract disputes.—The process specified in 62 Pa.C.S. Ch. 17 Subch. B (relating to prelitigation resolution of controversies) shall be the sole means of resolution for controversies arising with respect to contracts executed under this section.*

(f) *Existing central control computer system.—The department, in its discretion, may alter or utilize the central control computer system controlled by the department under section 1323 (relating to central control computer system) to fulfill the requirements of this section.*

§ 3310. *Department of Drug and Alcohol Programs or successor agency.*

(a) *Program update.—*

(1) *The Department of Drug and Alcohol Programs or successor agency shall update the compulsive and problem gambling program established in section 1509 (relating to compulsive and problem gambling program) to address public education, awareness and training regarding compulsive and problem gambling and the treatment and prevention of compulsive and problem gambling related to video gaming terminals.*

(2) *The updated guidelines shall include strategies for the prevention of compulsive and problem gambling related to video gaming terminals.*

(3) *The Department of Drug and Alcohol Programs or successor agency may consult with the board and terminal operator licensees to develop the strategies.*

(b) *Duties of Department of Drug and Alcohol Programs or successor agency.—From funds available in the Compulsive and Problem Gambling Treatment Fund, the Department of Drug and Alcohol Programs or successor agency shall, with respect to video gaming terminals:*

(1) *Maintain one compulsive gamblers assistance organization's toll-free problem gambling telephone number, which number shall be 1-800-GAMBLER, to provide crisis counseling and referral services to individuals and families experiencing difficulty as a result of problem or compulsive gambling. If the Department of Drug and Alcohol Programs or successor agency determines that it is unable to adopt the number 1-800-GAMBLER, the Department of Drug and Alcohol Programs or successor agency shall maintain another number.*

(2) *Maintain one compulsive gambler's assistance organization's telephone number, which shall be accessible via a free text message service, to provide crisis counseling and referral services to individuals and families experiencing difficulty as a result of problem or compulsive gambling.*

(3) *Facilitate, through in-service training and other means, the availability of effective assistance programs for problem and compulsive gamblers and family members affected by problem and compulsive gambling.*

(4) *At its discretion, conduct studies to identify individuals in this Commonwealth who are or are at risk of becoming problem or compulsive gamblers.*

(5) *Provide grants to and contract with single county authorities and other organizations that provide services specified in this section.*

(6) *Reimburse organizations for reasonable expenses incurred assisting the Department of Drug and Alcohol Programs or successor agency with implementing this section.*

(c) *Additional duties.—Within 60 days following the effective date of this section, the Department of Drug and Alcohol Programs or successor agency and the board's Office of Compulsive and Problem Gambling shall jointly collaborate with other appropriate offices and agencies of State or local government, including single county authorities and providers and other persons, public or private, with expertise in compulsive and problem gambling treatment, and shall, with respect to video gaming terminals:*

(1) *Implement a strategic plan for the prevention and treatment of compulsive and problem gambling.*

(2) *Adopt compulsive and problem gambling treatment standards to be integrated with the Department of Drug and Alcohol Programs' or successor agency's uniform Statewide guidelines that govern the provision of addiction treatment services.*

(3) *Develop a method to coordinate compulsive and problem gambling data collection and referral information to crisis response hotlines, child welfare and domestic violence programs and providers and other appropriate programs and providers.*

(4) *Develop and disseminate educational materials to provide public awareness related to the prevention, recognition and treatment of compulsive and problem gambling.*

(5) *Develop demographic-specific compulsive and problem gambling prevention, intervention and treatment programs.*

(6) *Prepare an itemized budget outlining how funds will be allocated to fulfill the responsibilities under this section.*

(d) *Report.—The Department of Drug and Alcohol Programs or successor agency shall include in the report required under section 1509 information involving video gaming terminals.*

CHAPTER 35 APPLICATION AND LICENSURE

Sec.

3501. *General prohibition.*

- 3502. *Terminal operator licenses.*
- 3503. *(Reserved).*
- 3504. *Principal licenses.*
- 3505. *Key employee licenses.*
- 3506. *Divestiture of disqualifying applicant.*
- 3507. *Supplier licenses.*
- 3508. *Manufacturer licenses.*
- 3509. *Gaming service provider.*
- 3510. *Occupation permit.*
- 3511. *Alternative terminal operator licensing standards.*
- 3512. *Alternative manufacturer licensing standards.*
- 3513. *Alternative supplier licensing standards.*
- 3514. *Establishment licenses.*
- 3515. *License or permit prohibition.*
- 3516. *Issuance and renewal.*
- 3517. *Change in ownership or control of terminal operator licensee.*
- 3518. *Video gaming accounting controls and audits.*
- 3519. *Multiple licenses prohibited.*
- 3520. *Conditional licenses.*
- § 3501. *General prohibition.*

No person may offer or otherwise make available for play in this Commonwealth a video gaming terminal unless the person is licensed under this part and according to regulations promulgated by the board under this part.

§ 3502. *Terminal operator licenses.*

(a) General requirements.—An application for a terminal operator license shall be on the form required by the board and shall include, at a minimum, all of the following:

(1) The name, address and photograph of the applicant and of all directors and owners and key employees and their positions within the corporation or organization, as well as additional financial information required by the board.

(2) A current tax lien certificate issued by the department.

(3) The details of any gaming license applied for, granted to or denied to the applicant by another jurisdiction where the form of gaming is legal and the consent for the board to acquire copies of the application submitted or license issued in connection with the application.

(4) The details of any loan obtained from a financial institution or not obtained from a financial institution.

(5) The consent to conduct a background investigation by the board, the scope of which investigation shall be determined by the bureau in its discretion consistent with the provisions of this part, and a release signed by all persons subject to the investigation of all information required to complete the investigation.

(6) The details of the applicant's diversity plan to assure that all persons are accorded equality of opportunity in employment and contracting by the applicant, its contractors, subcontractors, assignees, lessees, agents, vendors and suppliers.

(7) *Any information concerning maintenance and operation of video gaming terminals in any other jurisdiction.*

(8) *Proof that the applicant has or will establish a place of business in this Commonwealth. A terminal operator licensee shall maintain its place of business in this Commonwealth to remain eligible for licensure.*

(9) *Any other information determined to be appropriate by the board.*

(b) *Character requirements.—An application for a terminal operator license shall include such information, documentation and assurances as may be required to establish by clear and convincing evidence of the applicant's suitability, including good character, honesty and integrity. The application shall include, without limitation, information pertaining to family, habits, character, reputation, criminal history background, business activities, financial affairs and business, professional and personal associates, covering at least the 10-year period immediately preceding the filing date of the application.*

(c) *Civil judgments.—An applicant shall notify the board of any civil judgment obtained against the applicant pertaining to laws of the Federal Government, this Commonwealth or another state, jurisdiction, province or country.*

(d) *(Reserved).*

(e) *(Reserved).*

(f) *Additional eligibility requirements.—In order to be eligible for a terminal operator license under this part, the principals and key employees of the applicant must obtain a license to meet the character requirements of this section or other eligibility requirements established by the board.*

(g) *Classification system.—The board shall develop a classification system for other agents, employees or persons who directly or indirectly hold or are deemed to be holding debt or equity securities or other financial interest in the applicant and for other persons that the board considers appropriate for review under this section.*

(h) *Related entities.—*

(1) *Except as provided in paragraph (2), no person shall be eligible to receive a terminal operator license unless the principals and key employees of each intermediary or holding company of the person meet the requirements of subsection (f).*

(2) *The board may require that lenders and underwriters of intermediaries, subsidiaries or holding companies of a terminal operator license applicant meet the requirements of subsection (f) if the board determines that the suitability of a lender or underwriter is at issue and necessary to consider a pending application for a terminal operator license.*

(i) *Revocable privilege.—The issuance or renewal of a license or other authorization by the board under this section shall be a revocable privilege.*

(j) *Waiver for publicly traded corporations.—The board may waive the requirements of subsection (f) for a person directly or indirectly holding ownership of securities in a publicly traded corporation if the board*

determines that the holder of the securities does not have the ability to control the corporation or elect one or more directors thereof.

(k) (Reserved).

(l) Ongoing duty.—A person applying for a license or other authorization under this part shall continue to provide information required by the board or the bureau and cooperate in any inquiry or investigation.

(m) Criminal history record check.—The board may conduct a criminal history record check on a person for whom a waiver is granted under this section.

(n) Applicant financial information.—

(1) The board shall require an applicant for a terminal operator license to produce the information, documentation and assurances concerning financial background and resources as the board deems necessary to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant, its affiliate, intermediary, subsidiary or holding company, including, but not limited to, bank references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies and business and personal accounting and check records and ledgers.

(2) An applicant shall in writing authorize the examination of all bank accounts and records as may be deemed necessary by the board.

(o) Financial backer information.—

(1) The board shall require an applicant for a terminal operator license to produce the information, documentation and assurances as may be necessary to establish by clear and convincing evidence the integrity of all financial backers, institutional investors, investors, mortgagees, bondholders and holders of indentures, notes or other evidences of indebtedness, either in effect or proposed.

(2) The board may waive the qualification requirements for banking or lending institution and institutional investors.

(3) A banking or lending institution or institutional investor shall produce for the board upon request any document or information that bears relation to the proposal submitted by the applicant or applicants.

(4) The integrity of the financial sources shall be judged upon the same standards as the applicant. Any such person or entity shall produce for the board upon request any document or information which bears any relation to the application.

(5) The applicant shall produce whatever information, documentation or assurances the board requires to establish by clear and convincing evidence the adequacy of financial resources.

(p) Applicant's business experience.—

(1) The board shall require an applicant for a terminal operator license to produce the information, documentation and assurances as the board may require to establish by clear and convincing evidence that the applicant has sufficient business ability and experience to create and maintain a successful, efficient operation.

(2) *An applicant shall produce the names of all proposed key employees and a description of their respective or proposed responsibilities as they become known.*

(q) *Additional information.—In addition to other information required by this part, a person applying for a terminal operator license shall provide the following information:*

(1) *The organization, financial structure and nature of all businesses operated by the person, including any affiliate, intermediary, subsidiary or holding companies, the names and personal employment and criminal histories of all officers, directors and key employees of the corporation; the names of all holding, intermediary, affiliate and subsidiary companies of the corporation; and the organization, financial structure and nature of all businesses operated by such holding, intermediary and subsidiary companies as the board may require, including names and personal employment and criminal histories of such officers, directors and principal employees of such corporations and companies as the board may require.*

(2) *The extent of securities held in the corporation by all officers, directors and underwriters and their remuneration in the form of salary, wages, fees or otherwise.*

(3) *Copies of all management and service contracts.*

(r) *Review and approval.—Upon being satisfied that the requirements of subsections (a), (b), (c), (f), (g), (h), (i), (j), (l), (m), (n), (o), (p) and (q) have been met, the board may approve the application and issue the applicant a terminal operator license consistent with all of the following:*

(1) (i) *The license shall be valid for a period of five years.*

(ii) *Nothing in this paragraph shall be construed to relieve a licensee of the affirmative duty to notify the board of any changes relating to the status of its license or to any information contained in the application materials on file with the board.*

(2) *The license shall be nontransferable.*

(3) *Any other condition established by the board.*

(s) *Renewal.—*

(1) *At least six months prior to expiration of a terminal operator license, the terminal operator licensee seeking renewal of its license shall submit a renewal application to the board.*

(2) *If the renewal application satisfies the requirements of subsections (a), (b), (c), (f), (g), (h), (i), (j), (l), (m), (n), (o), (p) and (q), the board may renew the licensee's terminal operator license.*

(3) *If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the terminal operator license, the terminal operator license shall continue in effect until acted upon by the board.*

§ 3503. *(Reserved).*

§ 3504. *Principal licenses.*

(a) *License required.—All principals shall obtain a principal license from the board.*

(b) *Application.—A principal license application shall be in a form prescribed by the board and shall include the following:*

(1) Verification of status as a principal from a terminal operator licensee, manufacturer licensee or supplier licensee.

(2) A description of responsibilities as a principal.

(3) All releases necessary to obtain information from governmental agencies, employers and other organizations.

(4) Details relating to a similar license, permit or other authorization obtained in another jurisdiction.

(5) Additional information required by the board.

(c) Issuance.—Following review of the application and the background investigation, the board may issue a principal license if the applicant has proven by clear and convincing evidence that the applicant is a person of good character, honesty and integrity and is eligible and suitable to be licensed as a principal.

(d) Nontransferability.—A license issued under this section shall be nontransferable.

(e) Principals.—An individual who receives a principal license need not obtain a key employee license.

§ 3505. Key employee licenses.

(a) License required.—All key employees shall obtain a key employee license from the board.

(b) Application.—A key employee license application shall be in a form prescribed by the board and shall include the following:

(1) Verification of status as a key employee from a terminal operator licensee, establishment licensee, manufacturer licensee or supplier licensee.

(2) A description of employment responsibilities.

(3) All releases necessary to obtain information from governmental agencies, employers and other organizations.

(4) Details relating to a similar license or other authorization obtained in another jurisdiction.

(5) Additional information required by the board.

(c) Issuance.—Following review of the application and the background investigation, the board may issue a key employee license if the applicant has proven by clear and convincing evidence that the applicant is a person of good character, honesty and integrity and is eligible and suitable to be licensed as a key employee.

(d) Nontransferability.—A license issued under this section shall be nontransferable.

§ 3506. Divestiture of disqualifying applicant.

(a) Board power to require.—

(1) In the event that any establishment license application, terminal operator license application, supplier license application or manufacturer license application is not approved by the board based on a finding that an individual who is a principal or has an interest in the person applying for the license does not meet the character requirements of this part or any of the eligibility requirements under this part or a person who purchases a controlling interest in the applicant in violation of section 3517 (relating to change in ownership or control of terminal operator licensee), the board may afford the

individual the opportunity to completely divest his interest in the person, its affiliate, intermediary, subsidiary or holding company seeking the license and, after such divestiture, reconsider the person's or applicant's suitability for licensure in an expedited proceeding and may, after such proceeding, issue the person or applicant a terminal operator license.

(2) The board shall approve the terms and conditions of any divestiture under this section.

(b) Limitation.—Under no circumstances shall any divestiture be approved by the board if the compensation for the divested interest exceeds the cost of the interest.

§ 3507. Supplier licenses.

(a) Application.—

(1) A manufacturer that elects to contract with a supplier under section 3508 (relating to manufacturer licenses) shall ensure that the supplier is appropriately licensed under this section.

(2) A person seeking to provide video gaming terminals, redemption terminals or associated equipment to a terminal operator licensee within this Commonwealth through a contract with a licensed manufacturer must apply to the board for the appropriate supplier license.

(b) Requirements.—An application for a supplier license shall be on the form required by the board and shall include all of the following:

(1) The name and business address of the applicant and the applicant's affiliates, intermediaries, subsidiaries and holding companies; the principals and key employees of each business; and a list of employees and their positions within each business, as well as financial information required by the board.

(2) A statement that the applicant and each affiliate, intermediary, subsidiary or holding company of the applicant are not terminal operator licensees.

(3) Proof that the applicant has or will establish a place of business in this Commonwealth. A supplier licensee shall maintain its place of business in this Commonwealth to remain eligible for licensure.

(4) The consent to a background investigation by the bureau of the applicant, its principals and key employees or other persons required by the board and a release to obtain the information necessary for the completion of the background investigation.

(5) The details of any supplier license issued by the board to the applicant under section 1317 (relating to supplier licenses), if applicable.

(6) The details of any equivalent license granted or denied by other jurisdictions where gaming activities as authorized by this part are permitted.

(7) The type of goods and services to be supplied and whether those goods and services will be provided through purchase, lease, contract or otherwise.

(8) Other information determined by the board to be appropriate.

(c) Review and approval.—Upon being satisfied that the requirements of subsection (b) have been met, the board may approve the application

and issue the applicant a supplier license consistent with all of the following:

- (1) (i) *The license shall be valid for a period of five years.*
 - (ii) *Nothing in this paragraph shall be construed to relieve a licensee of the affirmative duty to notify the board of a change relating to the status of its license or to information contained in the application materials on file with the board.*
 - (2) *The license shall be nontransferable.*
 - (3) *Other conditions established by the board.*
- (d) *Renewal.—*
- (1) *At least six months prior to expiration of a supplier license, the supplier licensee seeking renewal of its license shall submit a renewal application to the board.*
 - (2) *If the renewal application satisfies the requirements of subsection (b), the board may renew the licensee's supplier license.*
 - (3) *If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the supplier license, the supplier license shall continue in effect until acted upon by the board.*

§ 3508. *Manufacturer licenses.*

(a) *Application.—A person seeking to manufacture video gaming terminals, redemption terminals and associated equipment for use in this Commonwealth must apply to the board for a manufacturer license.*

(b) *Requirements.—An application for a manufacturer license shall be on the form required by the board and shall include all of the following:*

- (1) *The name and business address of the applicant and the applicant's affiliates, intermediaries, subsidiaries and holding companies; the principals and key employees of each business; and a list of employees and their positions within each business, as well as financial information required by the board.*

- (2) *A statement that the applicant and each affiliate, intermediary, subsidiary or holding company of the applicant are not terminal operator licensees.*

- (3) *The consent to a background investigation by the bureau of the applicant, its principals, its key employees, its intermediaries, its subsidiaries or other persons required by the board and a release to obtain the information necessary for the completion of the background investigation.*

- (4) *The details of any equivalent license granted or denied by other jurisdictions where gaming activities as authorized by this part are permitted.*

- (5) *The details of any manufacturer license issued by the board to the applicant under section 1317.1 (relating to manufacturer licenses), if applicable.*

- (6) *The type of video gaming terminals, redemption terminals or associated equipment to be manufactured or repaired.*

- (7) *Other information determined by the board to be appropriate.*

(c) *Review and approval.—Upon being satisfied that the requirements of subsection (b) have been met, the board may approve the application*

and grant the applicant a manufacturer license consistent with all of the following:

(1) (i) *The license shall be valid for a period of five years.*

(ii) *Nothing in this paragraph shall be construed to relieve the licensee of the affirmative duty to notify the board of a change relating to the status of its license or to other information contained in application materials on file with the board.*

(2) *The license shall be nontransferable.*

(3) *Other conditions established by the board.*

(d) *Renewal.—*

(1) *At least six months prior to expiration of a manufacturer license, the manufacturer licensee seeking renewal of its license shall submit a renewal application accompanied by the renewal fee to the board.*

(2) *If the renewal application satisfies the requirements of subsection (b), the board may renew the licensee's manufacturer license.*

(3) *If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the manufacturer license, the manufacturer license shall continue in effect until acted upon by the board.*

(e) *Authority.—The following shall apply to a licensed manufacturer:*

(1) *A manufacturer or its designee, as licensed by the board, may supply or repair a video gaming terminal, redemption terminal or associated equipment manufactured by the manufacturer, provided the manufacturer holds the appropriate manufacturer license.*

(2) *A manufacturer of video gaming terminals or redemption terminals may contract with a supplier under section 3507 (relating to supplier licenses) to provide video gaming terminals, redemption terminals or associated equipment to a terminal operator licensee within this Commonwealth, provided the supplier is licensed to supply video gaming terminals, redemption terminals or associated equipment.*

(f) *Prohibitions.—*

(1) *No person may manufacture video gaming terminals, redemption terminals or associated equipment for use within this Commonwealth by a terminal operator licensee unless the person has been issued the appropriate manufacturer license under this section.*

(2) *No person issued a license under this section may apply for or be issued a terminal operator license under section 3502 (relating to terminal operator licenses) or establishment license under section 3514 (relating to establishment licenses).*

§ 3509. *Gaming service provider.*

(a) *Development of classification system.—The board shall develop a classification system governing the certification, registration and regulation of gaming service providers and individuals and entities associated with them. The classification system shall be based upon the following:*

(1) *Whether the employees of the gaming service provider will have access to the video gaming area or video gaming terminals or redemption terminals prior to or after installation.*

(2) *Whether the goods or services provided or to be provided by the gaming service provider would impact the integrity of video gaming terminals, redemption terminals or the conduct of video gaming.*

(b) Authority to exempt.—The board may exempt a person or type of business from the requirements of this section if the board determines:

(1) the person or type of business is regulated by an agency of the Federal Government, an agency of the Commonwealth or the Pennsylvania Supreme Court; or

(2) the regulation of the person or type of business is determined not to be necessary in order to protect the public interest or the integrity of gaming.

(c) Duties of gaming service providers.—A gaming service provider shall have a continuing duty to:

(1) Provide all information, documentation and assurances as the board may require.

(2) Cooperate with the board in investigations, hearings and enforcement and disciplinary actions.

(3) Comply with all conditions, restrictions, requirements, orders and rulings of the board in accordance with this part.

(4) Report a change in circumstances that may render the gaming service provider ineligible, unqualified or unsuitable for continued registration or certification.

(d) Requirement for permit.—The board may require employees of a gaming service provider to obtain a permit or other authorization if, after an analysis of duties, responsibilities and functions, the board determines that a permit or other authorization is necessary to protect the integrity of gaming.

(e) Interim authorization.—The board or a designated employee of the board may permit a gaming service provider applicant to engage in business with an applicant for a terminal operator license or a terminal operator licensee prior to approval of the gaming service provider application if the following criteria have been satisfied:

(1) A completed application has been filed with the board by the gaming service provider.

(2) The terminal operator license applicant or terminal operator licensee contracting or doing business with the gaming service provider certifies that it has performed due diligence on the gaming service provider and believes that the applicant meets the qualification to be a gaming service provider pursuant to this section.

(3) The gaming service provider applicant agrees in writing that the grant of interim authorization to conduct business prior to board approval of the application does not create a right to continue to engage in business if the board determines that the applicant is not suitable or continued authorization is not in the public interest.

(f) Construction.—Nothing in this section shall be construed to prohibit the board from rescinding a grant of interim authorization if, at

any time, the suitability of the person subject to interim authorization is at issue or if the person fails to cooperate with the board, the bureau or an agent of the board or bureau.

(g) Gaming service provider lists.—

(1) The board shall:

(i) Develop and maintain a list of approved gaming service providers who are authorized to provide goods or services whether under a grant of interim or continued authorization.

(ii) Develop and maintain a list of prohibited gaming service providers.

(2) An applicant for a terminal operator license or a terminal operator licensee may not enter into an agreement or engage in business with a gaming service provider listed on the prohibited gaming service provider list.

(h) Emergency authorization.—

(1) A terminal operator licensee may utilize a gaming service provider that has not been approved by the board when a threat to public health, welfare or safety exists or circumstances outside the control of the terminal operator licensee require immediate action to mitigate damage or loss to the licensee's video gaming terminals.

(2) The board shall promulgate regulations to govern the use of gaming service providers under emergency circumstances. The regulations shall include a requirement that the terminal operator licensee contact the board immediately upon utilizing a gaming service provider that has not been approved by the board.

(i) Criminal history record information.—If the classification system developed by the board in accordance with subsection (a) requires a gaming service provider or an individual or entity associated with the gaming service provider to submit to or provide the bureau with criminal history record information under 18 Pa.C.S. Ch. 91 (relating to criminal history record information), the bureau shall notify a terminal operator licensee that submitted a certification under subsection (e)(2) whether the applicant has been convicted of a felony or misdemeanor gambling offense.

§ 3510. Occupation permit.

(a) Application.—

(1) A person who desires to be a gaming employee and has a bona fide offer of employment from a terminal operator licensee, establishment licensee or supplier licensee shall apply to the board for an occupation permit.

(2) A person may not be employed as a gaming employee unless and until that person holds an appropriate occupation permit issued under this section.

(3) The board may promulgate regulations to reclassify a category of nongaming employees or gaming employees upon a finding that the reclassification is in the public interest and consistent with the objectives of this part.

(b) Requirements.—The application for an occupation permit shall include, at a minimum:

- (1) *The name and home address of the person.*
- (2) *The previous employment history of the person.*
- (3) *The criminal history record of the person, as well as the person's consent for the bureau to conduct a background investigation.*
- (4) *A photograph of the person.*
- (5) *Evidence of the offer of employment and the nature and scope of the proposed duties of the person, if known.*
- (6) *The details of an occupation permit or similar license granted or denied to the applicant in other jurisdictions.*
- (7) *Other information determined by the board to be appropriate.*

(c) *Prohibition.—No terminal operator licensee may employ or permit a person under 18 years of age to render service in a video gaming area.*

§ 3511. Alternative terminal operator licensing standards.

(a) *Determination.—*

(1) *The board may determine whether the licensing standards of another jurisdiction within the United States in which an applicant, its affiliate, intermediary, subsidiary or holding company for a terminal operator license is similarly licensed are comprehensive and thorough and provide similar adequate safeguards as those required by this part.*

(2) *If the board makes that determination, it may issue a terminal operator license to an applicant who holds a terminal operator license in the other jurisdiction after conducting an evaluation of the information relating to the applicant from the other jurisdictions, as updated by the board, and evaluating other information related to the applicant received from that jurisdiction and other jurisdictions where the applicant may be licensed, the board may incorporate such information in whole or in part into the board's evaluation of the applicant.*

(b) *Abbreviated process.—*

(1) *In the event an applicant for a terminal operator license is licensed in another jurisdiction, the board may determine to use an alternate process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the licensee, to such an applicant.*

(2) *Nothing in this section shall be construed to waive fees associated with obtaining a license through the normal application process.*

(c) *Current license holders.—In the event an applicant for a terminal operator license under this part holds a slot machine license under Part II (relating to gaming), the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the applicant.*

§ 3512. Alternative manufacturer licensing standards.

(a) *Determination.—*

(1) *The board may determine whether the licensing standards of another jurisdiction within the United States in which an applicant for a manufacturer license is similarly licensed are comprehensive and*

thorough and provide similar adequate safeguards as those required by this part.

(2) If the board makes that determination, it may issue a manufacturer license to an applicant who holds a similar manufacturer license in the other jurisdiction after conducting an evaluation of the information relating to the applicant from the other jurisdictions, as updated by the board, and evaluating other information related to the applicant received from that jurisdiction and other jurisdictions where the applicant may be licensed, the board may incorporate such information in whole or in part into the board's evaluation of the applicant.

(b) Abbreviated process.—

(1) In the event an applicant for a manufacturer license is licensed in another jurisdiction, the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the applicant.

(2) Nothing in this section shall be construed to waive fees associated with obtaining a license through the normal application process.

(c) Current license holders.—In the event an applicant for a manufacturer license under this part holds a manufacturer license under section 1317.1 (relating to manufacturer licenses), the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the applicant.

§ 3513. Alternative supplier licensing standards.

(a) Determination.—

(1) The board may determine whether the licensing standards of another jurisdiction within the United States in which an applicant for a supplier's license is similarly licensed are comprehensive and thorough and provide similar adequate safeguards as required by this part.

(2) If the board makes that determination, it may issue a supplier license to an applicant who holds a similar supplier license in another jurisdiction after conducting an evaluation of the information relating to the applicant from the other jurisdictions, as updated by the board, and evaluating other information related to the applicant received from that jurisdiction and other jurisdictions where the applicant may be licensed. The board may incorporate the information in whole or in part into its evaluation of the applicant.

(b) Abbreviated process.—

(1) In the event an applicant for a supplier license is licensed in another jurisdiction, the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the applicant.

(2) Nothing in this section shall be construed to waive any fees associated with obtaining a license through the normal application process.

(c) Current license holders.—In the event an applicant for a supplier license under this part holds a supplier license under section 1317 (relating to supplier licenses), the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a license, including financial viability of the applicant.

§ 3514. Establishment licenses.

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

(1) The name, address and photograph of the applicant and additional financial information required by the board.

(2) A description of the proposed surveillance and security measures to ensure the security of the proposed video gaming area.

(3) A current tax lien certificate issued by the department.

(4) The criminal history record of the applicant, principal and key employees and a consent for the bureau to conduct a background investigation on the applicant, principals and key employees.

(5) Other information determined to be appropriate by the board.

(b) Nontransferability.—A license issued under this section shall be nontransferable.

(c) Ongoing duty.—An establishment applying for a license under this section shall continue to provide information required by the board or the bureau and cooperate in any inquiry or investigation.

(d) Review and approval.—Upon being satisfied that the requirements of subsection (a) have been met, the board may approve the application and issue the applicant an establishment license consistent with all of the following:

(1) (i) The license shall be valid for a period of five years.

(ii) Nothing in this paragraph shall be construed to relieve a licensee of the affirmative duty to notify the board of a change relating to the status of its license or to information contained in application materials on file with the board.

(2) The license shall be nontransferable.

(3) Other conditions established by the board.

(e) Renewal.—

(1) At least three months prior to expiration of an establishment license, the establishment licensee seeking renewal of its license shall submit a renewal application accompanied by the renewal fee to the board.

(2) If the renewal application satisfies the requirements of subsection (d), the board may renew the licensee's establishment license.

(3) If the board receives a complete renewal application but fails to act upon the renewal application prior to the expiration of the establishment license, the establishment license shall continue in effect until acted upon by the board.

(f) Requirement.—In order to be eligible for an establishment license, a truck stop 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.

§ 3515. License or permit prohibition.

The following apply:

(1) The board shall be prohibited from granting a license under this part to any applicant who has been convicted of a felony offense in any jurisdiction.

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

(i) A principal license or key employee license to an individual who has been convicted in a jurisdiction of a misdemeanor gambling offense, unless 15 years have elapsed from the date of conviction for the offense.

(ii) A gaming employee permit or a license other than a principal license or key employee license to an individual who has been convicted in a jurisdiction of a misdemeanor gambling offense, unless 15 years have elapsed from the date of conviction for the offense.

(iii) An establishment license to an applicant who has been convicted in a jurisdiction of a misdemeanor gambling offense, unless 15 years have elapsed from the date of conviction for the offense.

(3) Following the expiration of any prohibition period applicable to an applicant under paragraph (2), in determining whether to issue a license or permit, the board shall consider the following factors:

(i) The nature and duties of the applicant's position with the licensed entity.

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

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

(iv) The age of the applicant when the offense or conduct was committed.

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

(vi) Evidence of rehabilitation, including good conduct in the community, counseling or psychiatric treatment received and the recommendation of persons who have substantial contact with the applicant.

(4) For purposes of this section, a felony offense is any of the following:

(i) An offense classified as a felony or punishable under the laws of this Commonwealth by imprisonment for more than five years.

(ii) An offense which, under the laws of another jurisdiction, is:

(A) classified as a felony; or

(B) punishable by imprisonment for more than five years.

(iii) An offense under the laws of another jurisdiction which, if committed in this Commonwealth, would be subject to imprisonment for more than five years.

§ 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.

(2) Nothing contained in this part is intended or shall be construed to create an entitlement to a license, permit or other authorization by a person.

(b) Renewal.—

(1) All permits and licenses issued under this part unless otherwise provided shall be subject to renewal every five years.

(2) The application for renewal of a license or permit, unless otherwise provided, shall be submitted at least 180 days prior to the expiration of the permit or license and shall include an update of the information contained in the initial and any prior renewal applications and the payment of any renewal fee required by section 4101.

(3) Nothing in this subsection shall be construed to relieve a licensee or permittee of the affirmative duty to notify the board of a change relating to the status of its license or permit or to other information contained in the application materials on file with the board.

(c) Revocation or failure to renew.—

(1) In addition to other sanctions the board may impose under this part, the board may at its discretion suspend, revoke or deny renewal of a permit or license issued under this part if it receives information from any source that the applicant or any of its officers, directors, owners or key employees is in violation of any provision of this part, that the applicant has furnished the board with false or misleading information or that the information contained in the applicant's initial application or renewal application is no longer true and correct such that the applicant is no longer eligible.

(2) In the event of a revocation or failure to renew, the licensee's authorization to conduct the previously approved activity shall immediately cease the activity and all fees paid in connection with the license shall be deemed to be forfeited.

(3) In the event of a suspension, the applicant's authorization to conduct the previously approved activity shall immediately cease until the board has notified the applicant that the suspension is no longer in effect.

(d) Nontransferability of licenses.—

(1) A license issued by the board is a grant of the privilege to conduct a business in this Commonwealth.

(2) Except as permitted by section 3517 (relating to change in ownership or control of terminal operator licensee), no license granted

or renewed pursuant to this part may be sold, transferred or assigned to another person.

(3) No licensee may pledge or otherwise grant a security interest in or lien on the license.

(4) The board has the sole discretion to issue, renew, condition or deny the issuance of a license based upon the requirements of this part.

(5) Nothing contained in this part is intended or shall be construed to create in any person an entitlement to a license.

§ 3517. Change in ownership or control of terminal operator licensee.

(a) Notification and approval.—

(1) A terminal operator licensee shall promptly notify the board of a proposed or contemplated change of ownership of the terminal operator licensee by a person or group of persons acting in concert which involves any of the following:

(i) More than 5% of a terminal operator licensee's securities or other ownership interests.

(ii) More than 5% of the securities or other ownership interests of a corporation or other form of business entity that owns directly or indirectly at least 20% of the voting or other securities or other ownership interests of the licensee.

(iii) The sale of all or substantially all of a licensee's assets.

(iv) Other transaction or occurrence deemed by the board to be relevant to license qualifications.

(2) (i) Notwithstanding the provisions of paragraph (1), no terminal operator licensee may be required to notify the board of an acquisition by an institutional investor under paragraph (1)(i) or (ii) if the institutional investor holds less than 10% of the securities or other ownership interests referred to in paragraph (1)(i) or (ii), the securities or interests are publicly traded securities and its holdings of the securities were purchased for investment purposes only and the institutional investor files with the board a certified statement to the effect that it has no intention of influencing or affecting, directly or indirectly, the affairs of the licensee, provided, however, that it shall be permitted to vote on matters put to the vote of the outstanding security holders.

(ii) Notice to the board and board approval shall be required prior to completion of any proposed or contemplated change of ownership of a terminal operator licensee that meets the criteria of this section.

(b) Qualification of purchaser of terminal operator licensee; change of control.—

(1) The purchaser of all or substantially all of the assets of a terminal operator licensee shall, if not already a terminal operator licensee, independently qualify for a license in accordance with this part and shall pay the license fee as required by section 4101 (relating to fees).

(2) A change in control of a terminal operator licensee shall require that the terminal operator licensee independently qualify for a license in accordance with this part, and the terminal operator licensee

shall pay a new license fee as required by section 4101, except as otherwise required by the board pursuant to this section.

(3) The new license fee shall be paid upon the assignment and actual change of control or ownership of the terminal operator license.

(c) Change in control defined.—For purposes of this section, a change in control of a terminal operator licensee shall mean the acquisition by a person or group of persons acting in concert of more than 20% of a terminal operator licensee's securities or other ownership interests, with the exception of any ownership interest of the person that existed at the time of initial licensing and payment of the initial slot machine license fee, or more than 20% of the securities or other ownership interests of a corporation or other form of business entity that owns directly or indirectly at least 20% of the voting or other securities or other ownership interests of the licensee.

(d) Fee reduction.—The board may, in its discretion, eliminate the need for qualification or proportionately reduce, but not eliminate, the new license fee otherwise required pursuant to this section in connection with a change of control of a licensee, depending upon the type of transaction, the relevant ownership interests and changes to the interests resulting from the transaction and other considerations deemed relevant by the board.

(e) License revocation.—Failure to comply with this section may cause the license issued under this part to be revoked or suspended by the board unless the purchase of the assets or the change in control that meets the criteria of this section has been independently qualified in advance by the board and any required license fee has been paid.

§ 3518. Video gaming accounting controls and audits.

(a) Approval.—Except as otherwise provided by this part, a terminal operator license applicant shall, in addition to obtaining a terminal operator license, obtain approval from the board in consultation with the department of its internal control systems and audit protocols prior to the installation and operation of video gaming terminals at licensed establishments.

(b) Minimum requirements.—At a minimum, the applicant's proposed internal controls and audit protocols shall:

(1) Safeguard its assets and revenues, including, but not limited to, the recording of cash and cash equivalents and evidences of indebtedness related to the video gaming terminals.

(2) Provide for reliable records, accounts and reports of a financial event that occurs in the operation of a video gaming terminal, including reports to the board related to the video gaming terminals.

(3) Ensure that each video gaming terminal directly provides or communicates all required activities and financial details to the central control computer system as set by the board and the department.

(4) Provide for accurate and reliable financial records.

(5) Ensure a financial event that occurs in the operation of a video gaming terminal is performed only in accordance with the management's general or specific authorization, as approved by the board.

(6) *Ensure that a financial event that occurs in the operation of a video gaming terminal is recorded adequately to permit proper and timely reporting of gross revenue and the calculation thereof and of fees and taxes and to maintain accountability for assets.*

(7) *Ensure that access to assets is permitted only in accordance with management's specific authorization, as approved by the board.*

(8) *Ensure that recorded accountability for assets is compared with actual assets at intervals as required by the board and appropriate action is taken with respect to discrepancies.*

(9) *Ensure that all functions, duties and responsibilities are appropriately segregated and performed in accordance with sound financial practices by competent, qualified personnel.*

(10) *Any other requirement of the board or the department.*

(c) *Internal control.—A terminal operator license applicant shall submit to the board and department, in such manner as the board requires, a description of its administrative and accounting procedures in detail, including its written system of internal control. The written system of internal control shall include:*

(1) *Records of direct and indirect ownership in the proposed terminal operator licensee, its affiliate, intermediary, subsidiary or holding company.*

(2) *An organizational chart depicting appropriate segregation of employee functions and responsibilities.*

(3) *A description of the duties and responsibilities of each employee position shown on the organizational chart.*

(4) *A detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this section.*

(5) *Record retention policy.*

(6) *Procedure to ensure that assets are safeguarded, including mandatory count procedures.*

(7) *A statement signed by the chief financial officer of the terminal operator license applicant or other competent person and the chief executive officer of the terminal operator license applicant or other competent person attesting that the officer believes, in good faith, that the system satisfies the requirements of this section.*

(8) *Other items that the board or department may require in its discretion.*

§ 3519. Multiple licenses prohibited.

(a) *Manufacturer restriction.—A manufacturer may not be licensed as a terminal operator or own, manage or control an establishment licensee or terminal operator licensee, but may also be licensed as a supplier.*

(b) *Supplier restriction.—A supplier may not be licensed as a terminal operator or own, manage or control an establishment licensee or terminal operator licensee.*

(c) *Terminal operator restriction.—A terminal operator may not be licensed as a manufacturer or supplier or own, manage or control an establishment licensee or own, manage or control premises used by an establishment licensee.*

(d) Establishment restriction.—An establishment licensee may not be licensed as a manufacturer, supplier or terminal operator.

§ 3520. Conditional licenses.

(a) Conditional establishment licenses.—

(1) Within 90 days after the effective date of this section, the board shall make applications for establishment licenses available to applicants.

(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:

(i) The applicant has never been convicted of a felony in any jurisdiction.

(ii) The applicant is current on all State taxes.

(iii) The applicant has submitted a completed application for an establishment license in accordance with this part, which may be submitted concurrently with the applicant's request for a conditional license.

(iv) The applicant has never been convicted of a gambling law violation in any jurisdiction.

(3) (i) The board shall issue a conditional license to an applicant for an establishment license within 60 days after the completed application has been received by the board, provided that the board determines that the criteria contained in paragraph (2) has been satisfied.

(ii) If the board determines that the criteria contained in paragraph (2) has not been satisfied, the board shall give a written explanation to the applicant as to why it has determined the criteria has not been satisfied.

(4) A conditional license shall be valid until:

(i) the board either approves or denies the applicant's application for licensure;

(ii) the conditional license is terminated for a violation of this part; or

(iii) one calendar year has passed since the conditional license was issued.

(5) The board may extend the duration of the conditional license for one calendar year.

(6) An applicant shall attest by way of affidavit under penalty of perjury that the applicant is not otherwise prohibited from licensure according to the requirements of this section or any other provision of this part.

(7) A request for conditional licensure under this subsection shall include payment of a \$100 fee, which fee shall be in addition to the applicable fee required under section 4101 (relating to fees).

(b) Conditional terminal operator licenses.—

(1) Within 90 days after the effective date of this section, the board shall make applications for terminal operator licenses available to applicants.

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

(i) The applicant has never been convicted of a felony in any jurisdiction.

(ii) The applicant is current on all State taxes.

(iii) The applicant has submitted a completed application for a terminal operator license which may be submitted concurrently with the applicant's request for a conditional license.

(iv) The applicant has never had its terminal operator license or similar gaming license denied or revoked in another jurisdiction.

(v) The applicant has never been convicted of a gambling law violation in any jurisdiction.

(3) (i) The board shall issue a conditional license to an applicant for a terminal operator license within 60 days after the completed application has been received by the board, provided that the board determines that the criteria contained in paragraph (2) has been satisfied.

(ii) If the board determines that the criteria contained in paragraph (2) has not been satisfied, the board shall give a written explanation to the applicant as to why it has determined the criteria has not been satisfied.

(4) A conditional license shall be valid until:

(i) the board either approves or denies the applicant's application for licensure;

(ii) the conditional license is terminated for a violation of this chapter; or

(iii) one calendar year has passed since the conditional license was issued.

(5) The board may extend the duration of the conditional license for one calendar year.

(6) An applicant shall attest by way of affidavit under penalty of perjury that the applicant is not otherwise prohibited from licensure according to the requirements of this subsection or any other provision of this part.

(7) A request for conditional licensure under this subsection shall include payment of a \$100 fee, which fee shall be in addition to the applicable fee required under section 4101.

(c) Conditional manufacturer and supplier licenses.—

(1) Within 90 days after the effective date of this section, the board shall make applications available for manufacturer and supplier licenses.

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

(i) The applicant has never been convicted of a felony.

(ii) The applicant is current on all State taxes.

(iii) The applicant has submitted a completed application for a manufacturer or supplier license, which may be submitted concurrently with the applicant's request for a conditional license.

(iv) The applicant has never had its manufacturer, supplier or similar gaming license denied or revoked in another jurisdiction.

(v) The applicant has never been convicted of a gambling law violation in any jurisdiction.

(3) (i) The board shall issue a conditional license to an applicant for a manufacturer or supplier license within 60 days after the completed application has been received by the board, provided that the board determines that the criteria contained in paragraph (2) has been satisfied.

(ii) If the board determines that the criteria contained in paragraph (2) has not been satisfied, the board shall give a written explanation to the applicant as to why it has determined the criteria has not been satisfied.

(4) A conditional license shall be valid until:

(i) the board either approves or denies the applicant's application for licensure;

(ii) the conditional license is terminated for a violation of this part; or

(iii) one calendar year has passed since the conditional license was issued.

(5) The board may extend the duration of the conditional license for one calendar year.

(6) An applicant shall attest by way of affidavit under penalty of perjury that the applicant is not otherwise prohibited from licensure according to the requirements of this subsection or any other provision of this part.

(7) A request for a conditional license under this subsection shall include payment of a \$1,000 fee, which fee shall be in addition to the applicable fee required under section 4101.

(d) Other conditional licenses.—

(1) Within 90 days after the effective date of this section, the board shall make applications available for any other license required under this part.

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

(i) The applicant has never been convicted of a felony in any jurisdiction.

(ii) The applicant is current on all State taxes.

(iii) The applicant has submitted a completed application for licensure, which may be submitted concurrently with the applicant's request for a conditional license.

(iv) The applicant has never been convicted of a gambling law violation in any jurisdiction.

(3) (i) The board shall issue a conditional license to an applicant within 60 days after the completed application has been received by

the board, provided that the board determines that the criteria contained in paragraph (2) has been satisfied.

(ii) If the board determines that the criteria contained in paragraph (2) has not been satisfied, the board shall give a written explanation to the applicant as to why it has determined the criteria has not been satisfied.

(4) A conditional license shall be valid until:

(i) the board either approves or denies the applicant's application for licensure;

(ii) the conditional license is terminated for a violation of this part; or

(iii) one calendar year has passed since the conditional license was issued.

(5) The board may extend the duration of the conditional license for one calendar year.

(6) An applicant shall attest by way of affidavit under penalty of perjury that the applicant is not otherwise prohibited from licensure according to the requirements of this subsection or any other provision of this part.

(7) A request for conditional licensure under this subsection shall include payment of a \$100 fee, which fee shall be in addition to the applicable fee required under section 4101.

(e) Prioritization prohibited.—

(1) The board may not utilize the alternative licensing standards for a terminal operator license, manufacturer license or a supplier license under sections 3511 (relating to alternative terminal operator licensing standards), 3512 (relating to alternative manufacturer licensing standards) and 3513 (relating to alternative supplier licensing standards) to prioritize the issuance of a terminal operator, manufacturer or supplier license under this chapter.

(2) The board shall ensure that applications made to the board according to the alternative standards under sections 3511, 3512 and 3513 are not approved or denied in a time period that is less than the time period in which an application for a conditional license is approved or denied under this section.

(f) Incomplete applications.—If the board receives an application that is incomplete, the board shall, within seven days of receiving the incomplete application, notify the applicant of additional information required by the board.

CHAPTER 37 OPERATION

Sec.

3701. Testing and certification of terminals.

3702. Video gaming limitations.

3703. (Reserved).

3704. Terminal placement agreements.

3705. Duties of licensees.

3706. Compulsive and problem gambling.**§ 3701. Testing and certification of terminals.**

(a) *General rule.*—No video gaming terminal or redemption terminal or associated equipment may be made available for use in this Commonwealth prior to being tested and certified by the board in accordance with this section.

(b) *Video gaming terminal specifications.*—Video gaming terminals shall be tested and certified to meet the following specifications:

(1) *The video gaming terminal shall have the ability to be linked to the central control computer.*

(2) *The video gaming terminal shall be marked with an irremovable identification plate that is placed in a conspicuous location on the exterior of the video gaming terminal. The identification plate shall contain the name of the manufacturer and the serial and model numbers of the video gaming terminal.*

(3) *The video gaming terminal shall prominently display the rules of play either on the video gaming terminal face or screen.*

(4) *The video gaming terminal may not have the ability to dispense cash, tokens or anything of value, except redemption tickets which shall only be exchangeable for cash at a redemption terminal or reinserted into another video gaming terminal located in the same video gaming area as the video gaming terminal.*

(5) *The cost of a credit shall only be 1¢, 5¢, 10¢ or 25¢.*

(6) *The maximum wager per individual game shall not exceed \$5.*

(7) *The maximum prize per individual game shall not exceed \$1,000.*

(8) *The video gaming terminal shall be designed and manufactured with total accountability to include gross proceeds, net profits, winning percentages and other information the board requires.*

(9) *The video gaming terminal shall pay out a minimum of 85% of the amount wagered.*

(10) *Other specifications the board requires.*

(c) *Redemption terminal specifications.*—Redemption terminals shall be tested and certified to meet the following specifications:

(1) *The redemption terminal shall be marked with an irremovable identification plate that is placed in a conspicuous location on the exterior of the redemption terminal. The identification plate shall contain the name of the manufacturer and the serial and model numbers of the redemption terminal.*

(2) *The redemption terminal shall only accept redemption tickets from video gaming terminals located in the same video gaming area.*

(3) *The redemption terminal shall be designed and manufactured with total accountability to record information the board requires.*

(4) *Other specifications the board requires.*

(d) *Use of other state standards.*—

(1) *The board may determine, in its discretion, whether the video gaming terminal or redemption terminal testing and certification standards of another jurisdiction within the United States in which a*

manufacturer licensee is licensed are comprehensive and thorough and provide similar adequate safeguards as those required by this part.

(2) If the board makes the determination under paragraph (1), the board may permit a manufacturer licensee to deploy those video gaming terminals or redemption terminals which have met the video gaming terminal or redemption terminal testing and certification standards in such other jurisdictions without undergoing the full testing and certification process by the board's testing facility.

(3) In the event video gaming terminals or redemption terminals of a manufacturer licensee are licensed in the other jurisdiction, the board may determine to use an abbreviated process requiring only that information determined by the board to be necessary to consider the issuance of a video gaming terminal or redemption terminal certification to such an applicant.

(e) Private testing.—The board may, in its discretion, rely upon the certification of a video gaming terminal or redemption terminal that has met the testing and certification standards of one or more board-approved independent private testing and certification facilities.

(f) Testing and certification fee.—

(1) A fee for the testing and certification of a video gaming terminal or redemption terminal shall be paid by the manufacturer licensee submitting the terminal, which fee shall be an amount established by the board according to a schedule adopted by the board.

(2) Fees established by the board shall be exempt from any fee limitation contained in section 4101 (relating to fees).

(g) Central control computer compatibility.—The board shall ensure that all video gaming terminals certified and approved for use in this Commonwealth are compatible and comply with the central control computer and protocol specifications approved by the department.

§ 3702. Video gaming limitations.

(a) Establishment licensee limitations.—An establishment licensee may offer video gaming terminals for play within its premises, subject to the following:

(1) No more than five video gaming terminals may be placed on the premises of the establishment licensee.

(2) Redemption tickets shall only be exchanged for cash through a redemption terminal or reinserted into another video gaming terminal in the same video gaming area or as otherwise authorized by the board in the event of a failure or malfunction in a redemption terminal, and at least one redemption terminal shall be located in the video gaming area.

(3) Video gaming terminals located on the premises of the establishment licensee shall be placed and operated by a terminal operator licensee pursuant to a terminal placement agreement.

(4) No video gaming area may be located in an area that is not properly segregated from minors.

(5) The entrance to the video gaming area shall be secure and easily seen and observed by at least one employee of the establishment licensee.

(6) *The video gaming area shall at all times be monitored by an employee of the establishment licensee, either directly or through live monitoring of video surveillance. The employee must be at least 18 years of age and have completed the mandatory training program required in section 3706 (relating to compulsive and problem gambling).*

(7) *No establishment licensee may provide an incentive.*

(8) *No minor shall be permitted to play a video gaming terminal or enter the video gaming area.*

(9) *No visibly intoxicated person shall be permitted to play a video gaming terminal.*

(10) *No establishment licensee may extend credit or accept a credit card or debit card for play of a video gaming terminal.*

(11) *No establishment licensee may make structural alterations or significant renovations to a video gaming area unless the establishment licensee has notified the terminal operator licensee and obtained prior approval from the board.*

(12) *No establishment licensee may move a video gaming terminal or redemption terminal after installation by a terminal operator licensee.*

(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:*

(1) *No more than five video gaming terminals may be placed on the premises of the establishment licensee.*

(2) *Redemption tickets shall only be exchanged for cash through a redemption terminal located within the same video gaming area or reinserted into another video gaming terminal located in the same video gaming area as the video gaming terminal.*

(3) *Video gaming terminals located on the premises of the establishment licensee shall be placed and operated pursuant to a terminal placement agreement.*

(4) *No terminal operator licensee may provide an incentive.*

(5) *No terminal operator licensee may extend credit or accept a credit card or debit card for play of a video gaming terminal.*

(6) *No terminal operator licensee may give or offer to give, directly or indirectly, any type of inducement to a truck stop 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% of the gross terminal revenue of the video gaming terminals operating in the establishment licensee's premises.*

(8) *A terminal operator licensee shall only operate, install or otherwise make available for public use a video gaming terminal or redemption terminal that has been obtained from a manufacturer licensee or supplier licensee.*

(9) *No terminal operator licensee may make structural alterations or significant renovations to a video gaming area unless the terminal*

operator licensee has notified the establishment licensee and obtained prior approval from the board.

(10) No terminal operator licensee may move a video gaming terminal or redemption terminal after installation unless prior approval is obtained from the board.

§ 3703. (Reserved).

§ 3704. *Terminal placement agreements.*

(a) General rule.—No terminal operator licensee may place and operate video gaming terminals on the premises of an establishment licensee unless pursuant to a terminal placement agreement approved by the board. Approval shall be presented upon connection of one or more video gaming terminals at the establishment licensee to the central control computer.

(b) Form of agreement.—The board shall establish through regulation minimum standards for terminal placement agreements.

(c) Length of agreement.—Terminal placement agreements shall be valid for a minimum 60-month term but shall not exceed a 120-month term.

(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 15% 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.

(e) Parties to agreement.—Only an establishment licensee or applicant may sign or agree to sign a terminal placement agreement with an applicant for a terminal operator license or a terminal operator licensee.

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

(g) Transferability of agreements.—No terminal placement agreement may be transferred or assigned unless the individual or entity making the assignment is either a terminal operator applicant or terminal operator licensee and the individual or entity receiving the assignment of the terminal placement agreement is either a terminal operator applicant or terminal operator licensee under this chapter.

§ 3705. *Duties of licensees.*

A person issued a license under this part shall:

(1) *Provide assistance or information required by the board, the bureau, the department or the Pennsylvania State Police and to cooperate in inquiries, investigations and hearings.*

(2) *Consent to inspections, searches and seizures.*

(3) *Inform the board of actions that the person believes would constitute a violation of this part.*

(4) *Inform the board of arrests for violations of offenses enumerated under 18 Pa.C.S. (relating to crimes and offenses).*

§ 3706. Compulsive and problem gambling.

(a) *Required posting.—*

(1) *An establishment licensee shall conspicuously post signs similar to the following statement:*

If you or someone you know has a gambling problem, help is available. Call (Toll-free telephone number) or Text (Toll-free telephone number).

(2) *At least one sign shall be posted within the video gaming area and at least one sign shall be posted within five feet of each automated teller machine located within the establishment licensee's premises, if applicable.*

(b) *Toll-free telephone number.—The toll-free telephone number required to be posted in subsection (a) shall be the same number maintained by the Department of Drug and Alcohol Programs or successor agency under section 3310 (relating to Department of Drug and Alcohol Programs).*

(c) *Problem gambling information.—*

(1) *An establishment licensee shall have available on its premises access to materials regarding compulsive and problem gambling assistance.*

(2) *The available materials required by paragraph (1) shall be a uniform, Statewide handout developed by the board in consultation with the Department of Drug and Alcohol Programs or successor agency.*

(3) *The available materials required by paragraph (1) shall be displayed conspicuously at least within the video gaming area.*

(d) *Mandatory training.—*

(1) *The board's Office of Compulsive and Problem Gambling, in consultation with the Department of Drug and Alcohol Programs or successor agency, shall develop a mandatory training program for employees and management of an establishment licensee who oversee the establishment licensee's video gaming area. The training program shall address responsible gaming and other compulsive and problem gambling issues related to video gaming terminals.*

(2) *The board shall establish a fee to cover the cost of the mandatory training program.*

(3) *At least one employee of the establishment licensee who holds a valid occupation permit and has successfully completed the training program shall be located on the premises and supervising the video gaming area during all times video gaming terminals are available for play.*

(e) Penalty.—An establishment licensee that fails to fulfill the requirements of subsection (a), (b), (c) or (d) shall be assessed by the board an administrative penalty and may have its establishment license suspended. When determining the penalty and number of suspension days, the board shall consider the length of time in which the materials were not available or a trained employee was not located on the premises as required by subsection (d)(3).

CHAPTER 39 ENFORCEMENT

Sec.

3901. *Exclusion or ejection of certain persons.*

3902. *Repeat offenders.*

3903. *Self-exclusion.*

3904. *Investigations and enforcement.*

3905. *Prohibited acts and penalties.*

3906. *Report of suspicious transactions.*

3907. *Additional authority.*

3908. *Detention.*

§ 3901. *Exclusion or ejection of certain persons.*

(a) General rule.—The board shall by regulation provide for the establishment of a list of persons who are to be excluded or ejected from the video gaming area of an establishment licensee. The provisions shall define the standards for exclusion and shall include standards relating to persons who are career or professional offenders as defined by regulations of the board or whose presence in a video gaming area would, in the opinion of the board, be inimical to the interest of the Commonwealth or of licensed video gaming in this Commonwealth, or both.

(b) Categories to be defined.—The board shall promulgate definitions establishing categories of persons who shall be excluded or ejected pursuant to this section, including cheats and persons whose privileges for licensure, certification, permit or registration have been revoked.

(c) Discrimination prohibited.—Race, color, creed, national origin or ancestry or sex shall not be a reason for placing the name of a person upon a list under this section.

(d) Prevention of access.—The board shall, in consultation with terminal operator licensees and establishment licensees, develop policies and procedures to reasonably prevent persons on the list required by this section from entering a video gaming area.

(e) Sanctions.—The board may impose sanctions upon an establishment licensee in accordance with this part if the establishment licensee knowingly fails to implement the policies and procedures established by the board under paragraph (d).

(f) List not all-inclusive.—A list compiled by the board under this section shall not be deemed an all-inclusive list, and an establishment licensee shall keep from the video gaming area persons known to the establishment licensee to be within the classifications declared in this section and the regulations promulgated under this section whose presence in a video gaming area would be inimical to the interest of the

Commonwealth or of licensed video gaming in this Commonwealth, or both, as defined in standards established by the board.

(g) Notice.—If the bureau decides to place the name of a person on a list pursuant to this section, the bureau shall serve notice of the decision to the person by personal service or certified mail at the last known address of the person. The notice shall inform the person of the right to request a hearing under subsection (h).

(h) Hearing.—

(1) Within 30 days after receipt of notice in accordance with subsection (g), the person named for exclusion or ejection may demand a hearing before the board, at which hearing the bureau must demonstrate that the person named for exclusion or ejection satisfies the criteria for exclusion or ejection established by this section and the board's regulations.

(2) Failure of the person to demand a hearing within 30 days after service shall be deemed an admission of all matters and facts alleged in the bureau's notice and shall preclude the person from having an administrative hearing, but shall in no way affect the right to judicial review as provided in this section.

(i) Review.—

(1) If, upon completion of a hearing on the notice of exclusion or ejection, the board determines that placement of the name of the person on the exclusion or ejection list is appropriate, the board shall make and enter an order to that effect.

(2) The order shall be subject to review by the Commonwealth Court in accordance with the rules of court.

§ 3902. Repeat offenders.

(a) Discretion to exclude or eject.—An establishment licensee may exclude or eject from the establishment licensee's video gaming area or premises a person who is known to it to have been convicted of a misdemeanor or felony committed in or on the premises of a licensed establishment.

(b) Construction.—Nothing in this section or in any other law of this Commonwealth shall be construed to limit the right of an establishment licensee to exercise its common law right to exclude or eject permanently from its video gaming area or premises a person who:

- (1) disrupts the operations of its premises;*
- (2) threatens the security of its premises or its occupants; or*
- (3) is disorderly or intoxicated.*

§ 3903. Self-exclusion.

(a) Establishment of list.—

(1) The board shall provide by regulation for the establishment of a list of persons self-excluded from video gaming activities within specific establishment licensees or establishment licensees in geographic areas of the Commonwealth.

(2) A person may request placement on the list of self-excluded persons by:

- (i) acknowledging in a manner to be established by the board that the person is a problem gambler;*

(ii) *agreeing that, during any period of voluntary exclusion, the person may not collect any winnings or recover any losses resulting from any video gaming activity within establishment licensees and that person may be subject to arrest for trespass; and*

(iii) *agreeing to another condition established by the board.*

(b) *Regulations.—The regulations of the board shall establish:*

(1) *Procedures for placement on and removal from the list of a self-excluded person.*

(2) *Procedures for the transmittal to establishment licensees of identifying information concerning a self-excluded person and shall require establishment licensees to establish reasonable procedures designed at a minimum to prevent entry of a self-excluded person into the video gaming area of an establishment licensee, provided that the board may not require video gaming terminals to be equipped with identification card-reading devices or require establishment licensees to purchase identification card-reading devices.*

(3) *Procedures for the transmittal to terminal operator licensees of identifying information concerning a self-excluded person and shall require terminal operator licensees to establish procedures to remove self-excluded persons from customer loyalty or reward card programs and targeted mailings or other forms of advertising or promotions.*

(c) *Liability.—An establishment licensee or employee thereof shall not be liable to a self-excluded person or to another party in a judicial proceeding for harm, monetary or otherwise, which may arise as a result of:*

(1) *the failure of the establishment licensee to withhold video gaming privileges from or restore video gaming privileges to the self-excluded person; or*

(2) *otherwise permitting or not permitting the self-excluded person to engage in video gaming activity within the establishment licensee's premises while on the list of self-excluded persons.*

(d) *Nondisclosure.—Notwithstanding any other law to the contrary, the board's list of self-excluded persons shall not be open to public inspection.*

§ 3904. Investigations and enforcement.

(a) *Powers and duties of bureau.—The bureau shall have the following powers and duties:*

(1) *Enforce the provisions of this part.*

(2) *Investigate and review applicants and applications for a license or registration. The bureau shall be prohibited from disclosing any portion of a background investigation report to a member of the board prior to the submission of the bureau's final background investigation report relating to the applicant's suitability for licensure to the board. The Office of Enforcement Counsel, on behalf of the bureau, shall prepare the final background investigation report for inclusion in a final report relating to the applicant's suitability for licensure.*

(3) *Investigate licensees, registrants and other persons regulated by the board under this part for noncriminal violations of this part, including potential violations referred to the bureau by the board or other person.*

(4) *Monitor video gaming operations to ensure compliance with this part.*

(5) *Inspect and examine licensed entities. Inspections may include the review and reproduction of documents or records.*

(6) *Conduct reviews of a licensed entity as necessary to ensure compliance with this part. A review may include the review of accounting, administrative and financial records, management control systems, procedures and other records utilized by a licensed entity.*

(7) *Refer possible criminal violations to the Pennsylvania State Police. The bureau shall not have the power of arrest.*

(8) *Cooperate in the investigation and prosecution of criminal violations related to this part.*

(9) *Be a criminal justice agency under 18 Pa.C.S. Ch. 91 (relating to criminal history record information).*

(b) Office of Enforcement Counsel.—The board's Office of Enforcement Counsel shall act as the prosecutor in all noncriminal enforcement actions initiated by the bureau under this part and shall have the following powers and duties:

(1) Advise the bureau on all matters, including the granting of licenses or registrations, the conduct of background investigations, audits and inspections and the investigation of potential violations of this part.

(2) File on behalf of the bureau recommendations and objections relating to the issuance of licenses and registrations.

(3) Initiate, in its sole discretion, proceedings for noncriminal violations of this part by filing a complaint or other pleading with the board.

(c) Powers and duties of department.—

(1) The department shall at all times have the power of access to examine and audit equipment and records relating to all aspects of the operation of video gaming terminals and redemption terminals under this part.

(2) Notwithstanding the provisions of section 353(f) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, the department shall supply the board, the bureau, the Pennsylvania State Police and the Office of Attorney General with information concerning the status of delinquent taxes owed by applicants or licensees.

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

(1) Promptly conduct background investigations on persons as directed by the board under this part. The Pennsylvania State Police may contract with other law enforcement annuitants to assist in the conduct of investigations under this paragraph.

(2) Initiate proceedings for criminal violations of this part.

(3) Provide the board with all information necessary for all actions under this part for all proceedings involving criminal enforcement of this part.

(4) Inspect, when appropriate, a licensee's person and personal effects present within an establishment licensee's premises under this part while that licensee is present.

(5) Enforce the criminal provisions of this part and all other criminal laws of this Commonwealth.

(6) Fingerprint applicants.

(7) Exchange fingerprint data with and receive national criminal history record information from the Federal Bureau of Investigation for use in background investigations performed by the bureau under this part.

(8) Receive and take appropriate action on any referral from the bureau relating to criminal conduct.

(9) Conduct administrative inspections on the premises of an establishment licensee at such times, under such circumstances and to such extent as the bureau determines to ensure compliance with this part and the regulations of the board and, in the course of inspections, review and make copies of all documents and records required by the inspection through onsite observation and other reasonable means to assure compliance with this part and regulations promulgated under this part.

(10) Conduct audits or verification of information of video gaming terminal operations at such times, under such circumstances and to such extent as the bureau determines. This paragraph includes the review of accounting, administrative and financial records and management control systems, procedures and records utilized by a terminal operator licensee.

(11) Assign members of the Pennsylvania State Police to duties of enforcement under this part. Those members shall not be counted toward the complement as provided in section 205 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.

(12) Report to the General Assembly. By March 1 of each year, the Commissioner of the Pennsylvania State Police shall submit a report to the Appropriations Committee of the Senate, the Community, Economic and Recreational Development Committee of the Senate, the Appropriations Committee of the House of Representatives and the Gaming Oversight Committee of the House of Representatives. The report shall summarize all law enforcement activities at each establishment licensee during the previous calendar year and shall include all of the following:

(i) The number of arrests made and citations issued at each establishment licensee and the name of the law enforcement agency making the arrests or issuing the citations.

(ii) A list of specific offenses charged for each arrest made or citation issued.

(iii) The number of criminal prosecutions resulting from arrests made or citations issued.

(iv) The number of convictions resulting from prosecutions reported under subparagraph (iii).

(13) Report violations of this part to the bureau that are found during the normal course of duties required under any law of this Commonwealth.

(e) Powers and duties of Attorney General.—The Gaming Unit within the Office of Attorney General shall investigate and institute criminal proceedings as authorized under subsection (f).

(f) Criminal action.—

(1) The district attorneys of the several counties shall have authority to investigate and to institute criminal proceedings for a violation of this part.

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

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

(g) Regulatory action.—Nothing contained in subsection (e) shall be construed to limit the existing regulatory or investigative authority of an agency or the Commonwealth whose functions relate to persons or matters within the scope of this part.

(h) Inspection, seizure and warrants.—

(1) The board, the bureau, the department and the Pennsylvania State Police shall have the authority without notice and without warrant to do all of the following in the performance of their duties under this part:

(i) Inspect and examine all premises where video gaming operations are conducted; where video gaming terminals, redemption terminals and associated equipment are manufactured, sold, distributed or serviced; or where records of these activities are prepared or maintained.

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

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

(iv) Inspect, examine and audit all books, records and documents pertaining to a terminal operator licensee's video gaming operation.

(v) Seize, impound or assume physical control of any book, record, ledger or device related to video gaming operations or the video gaming terminals or redemption terminals.

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

(3) *To further effectuate the purposes of this part, the bureau and the Pennsylvania State Police may obtain administrative warrants for the inspection and seizure of property possessed, controlled, bailed or otherwise held by an applicant, licensee, intermediary, subsidiary, affiliate or holding company.*

(i) *Information sharing and enforcement referral.—With respect to the administration, supervision and enforcement of this part, the bureau, the department, the Pennsylvania State Police or the Office of Attorney General may obtain or provide pertinent information regarding applicants or licensees from or to law enforcement entities or gaming authorities of the Commonwealth and other domestic, foreign or federally approved jurisdictions, including the Federal Bureau of Investigation, and may transmit the information to each other electronically.*

§ 3905. *Prohibited acts and penalties.*

(a) *Criminal offenses.—*

(1) *The provisions of 18 Pa.C.S. § 4902 (relating to perjury), 4903 (relating to false swearing) or 4904 (relating to unsworn falsification to authorities) shall apply to a person providing information or making a statement, whether written or oral, to the board, the bureau, the department, the Pennsylvania State Police or the Office of Attorney General, as required by this part.*

(2) *It shall be unlawful for a person to willfully:*

(i) *fail to report, pay or truthfully account for and pay over a license fee, authorization fee, tax or assessment imposed under this part; or*

(ii) *attempt in any manner to evade or defeat a license fee, authorization fee, tax or assessment imposed under this part.*

(3) *It shall be unlawful for a licensed entity, gaming employee, key employee or any other person to permit a video gaming terminal to be operated, transported, repaired or opened on the premises of an establishment licensee by a person other than a person licensed or permitted by the board pursuant to this part.*

(4) *It shall be unlawful for a licensed entity or other person to manufacture, supply or place video gaming terminals, redemption terminals or associated equipment into play or display video gaming terminals, redemption terminals or associated equipment on the premises of an establishment licensee without the authority of the board.*

(5) *It shall be unlawful for a licensed entity or other person to manufacture, supply, operate, carry on or expose for play a video gaming terminal or associated equipment after the person's license has expired or failed to be renewed in accordance with this part.*

(6) *It shall be unlawful for an individual while on the premises of an establishment licensee to knowingly use currency other than lawful coin or legal tender of the United States or a coin not of the same denomination as the coin intended to be used in the video gaming*

terminal or use a counterfeit or altered redemption tickets with the intent to cheat or defraud a terminal operator licensee or the Commonwealth or damage the video gaming terminal or redemption terminal.

(7) (i) Except as set forth in subparagraph (ii), it shall be unlawful for an individual to use or possess a cheating or thieving device, counterfeit or altered billet, ticket, token or similar object accepted by a video gaming terminal or counterfeit or altered redemption ticket on the premises of an establishment licensee.

(ii) An authorized employee of a licensee or an employee of the board may possess and use a cheating or thieving device, counterfeit or altered billet, ticket, token or similar object accepted by a video gaming terminal or counterfeit or altered redemption ticket in performance of the duties of employment.

(8) (i) Except as set forth in subparagraph (ii), it shall be unlawful for an individual to knowingly possess or use while on the premises of an establishment licensee a key or device designed for the purpose of and suitable for opening or entering a video gaming terminal or redemption terminal that is located on the premises of the establishment licensee.

(ii) An authorized employee of a licensee or a member of the board may possess and use a device referred to in subparagraph (i) in the performance of the duties of employment.

(9) It shall be unlawful for a person or licensed entity to possess a device, equipment or material which the person or licensed entity knows has been manufactured, distributed, sold, tampered with or serviced in violation of this part with the intent to use the device, equipment or material as though it had been manufactured, distributed, sold, tampered with or serviced pursuant to this part.

(10) It shall be unlawful for a person to sell, offer for sale, represent or pass off as lawful any device, equipment or material that the person or licensed entity knows has been manufactured, distributed, sold, tampered with or serviced in violation of this part.

(11) It shall be unlawful for an individual to work or be employed in a position the duties of which would require licensing under this part without first obtaining the requisite license issued under this part.

(12) It shall be unlawful for a licensed entity to employ or continue to employ an individual in a position the duties of which require a license under this part if the individual:

(i) Is not licensed under this part.

(ii) Is prohibited from accepting employment from a licensee.

(13) It shall be unlawful for a minor to enter and remain in any video gaming area, except that an individual at least 18 years of age employed by a terminal operator licensee, a gaming service provider, an establishment licensee, the board or another regulatory or emergency response agency may enter and remain in the area while engaged in the performance of the individual's employment duties.

(14) It shall be unlawful for a minor to wager, play or attempt to play a video gaming terminal or submit a redemption ticket into a redemption terminal.

(15) It shall be unlawful for a terminal operator licensee to require a video gaming terminal wager to be greater than the stated minimum wager or greater than the stated maximum wager.

(16) An individual who engages in conduct prohibited by 18 Pa.C.S. § 6308 (relating to purchase, consumption, possession or transportation of liquor or malt or brewed beverages) on the premises of an establishment licensee commits a nongambling offense.

(17) It shall be unlawful for an individual to claim, collect or take, or attempt to claim, collect or take, money or anything of value in or from a video gaming terminal or redemption terminal with the intent to defraud, or to claim, collect or take an amount greater than the amount won, or to manipulate with the intent to cheat, a component of a video gaming terminal or redemption terminal in a manner contrary to the designed and normal operational purpose.

(b) Criminal penalties and fines.—

(1) (i) A person that commits a first offense in violation of 18 Pa.C.S. § 4902, 4903 or 4904 in connection with providing information or making any statement, whether written or oral, to the board, the bureau, the department, the Pennsylvania State Police, the Office of Attorney General or a district attorney as required by this part commits an offense to be graded in accordance with the applicable section violated. A person that is convicted of a second or subsequent violation of 18 Pa.C.S. § 4902, 4903 or 4904 in connection with providing information or making any statement, whether written or oral, to the board, the bureau, the department, the Pennsylvania State Police, the Office of Attorney General or a district attorney as required by this part commits a felony of the second degree.

(ii) A person that violates subsection (a)(2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) or (17) commits a misdemeanor of the first degree. A person that is convicted of a second or subsequent violation of subsection (a)(2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) or (17) commits a felony of the second degree.

(2) (i) For a first violation of subsection (a)(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) or (17), a person shall be sentenced to pay a fine of:

(A) not less than \$75,000 nor more than \$150,000 if the person is an individual or establishment licensee;

(B) not less than \$300,000 nor more than \$600,000 if the person is a terminal operator licensee; or

(C) not less than \$150,000 nor more than \$300,000 if the person is a licensed manufacturer or supplier.

(ii) For a second or subsequent violation of subsection (a)(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) or (17), a person shall be sentenced to pay a fine of:

(A) not less than \$150,000 nor more than \$300,000 if the person is an individual or establishment licensee;

(B) not less than \$600,000 nor more than \$1,200,000 if the person is a terminal operator licensee; or

(C) not less than \$300,000 nor more than \$600,000 if the person is a licensed manufacturer or supplier.

(3) An individual who commits an offense in violation of subsection (a)(13) or (14) commits a nongambling summary offense and upon conviction of a first offense shall be sentenced to pay a fine of not less than \$200 nor more than \$1,000. An individual who is convicted of a second or subsequent offense under subsection (a)(13) or (14) shall be sentenced to pay a fine of not less than \$500 nor more than \$1,500. In addition to the fine imposed, an individual convicted of an offense under subsection (a)(13) or (14) may be sentenced to perform a period of community service not to exceed 40 hours.

(4) An individual who commits an offense in violation of subsection (a)(16) commits a nongambling offense to be graded in accordance with 18 Pa.C.S. § 6308 and shall be subject to the same penalties imposed pursuant to 18 Pa.C.S. §§ 6308 and 6310.4 (relating to restriction of operating privileges) except that the fine imposed for a violation of subsection (a)(16) shall be not less than \$350 nor more than \$1,000.

(c) Board-imposed administrative sanctions.—

(1) In addition to any other penalty authorized by law, the board may impose without limitation the following sanctions:

(i) Revoke the license of a person convicted of a criminal offense under this part or regulations promulgated under this part or committing any other offense or violation of this part or applicable law that would otherwise disqualify the person from holding the license.

(ii) Revoke the license of a person determined to have violated a provision of this part or regulations promulgated under this part that would otherwise disqualify the person from holding the license.

(iii) Revoke the license of a person for willfully and knowingly violating or attempting to violate an order of the board directed to the person.

(iv) Subject to subsection (g), assess administrative penalties as necessary to punish violations of this part.

(v) Order restitution of money or property unlawfully obtained or retained by a licensee.

(vi) Enter cease and desist orders which specify the conduct which is to be discontinued, altered or implemented by a licensee.

(vii) Issue letters of reprimand or censure, which letters shall be made a permanent part of the file of the licensee so sanctioned.

(2) (i) If the board refuses to issue or renew a license, suspends or revokes a license, assesses civil penalties, orders restitution, enters a cease and desist order or issues a letter of reprimand or censure, the board shall provide the applicant or licensee with written notification of its decision, including a statement of the reasons for

its decision, by certified mail within five business days of the decision of the board.

(ii) The applicant or licensee shall have the right to appeal the decision in accordance with 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

(d) Aiding and abetting.—A person who aids, abets, counsels, commands, induces, procures or causes another person to violate this part shall be subject to all sanctions and penalties, both civil and criminal, provided under this part.

(e) Continuing offenses.—A violation of this part that is determined to be an offense of a continuing nature shall be deemed to be a separate offense on each event or day during which the violation occurs.

(f) Property subject to seizure, confiscation, destruction or forfeiture.—Any equipment, device or apparatus, money, material, gaming proceeds or substituted proceeds or real or personal property used, obtained or received or an attempt to use, obtain or receive the device, apparatus, money, material, proceeds or real or personal property in violation of this part shall be subject to seizure, confiscation, destruction or forfeiture.

(g) Penalty limitation.—

(1) Administrative penalties assessed by the board on an establishment licensee shall not exceed \$5,000 for each noncriminal violation of this part.

(2) When imposing an administrative penalty on an establishment licensee for a noncriminal violation of this part, the board shall take into consideration the establishment licensee's annual taxable income and whether the penalty amount would cause the establishment licensee to cease non-video gaming operations.

(h) Deposit of fines.—Fines imposed and collected by the board under subsection (c) shall be deposited into the General Fund.

§ 3906. Report of suspicious transactions.

(a) Duty.—An establishment licensee or terminal operator licensee or a person acting on behalf of an establishment licensee or terminal operator licensee shall, on a form and in a manner as required by the bureau, notify the bureau of a suspicious transaction.

(b) Failure to report.—

(1) A person that is required to file a report of a suspicious transaction under this section and knowingly fails to file the report or that knowingly causes another person having that responsibility to fail to file the report commits a misdemeanor of the third degree.

(2) A person required to file a report of a suspicious transaction under this section and fails to file the report or a person that causes another person required under this section to file the report to fail to file the report shall be strictly liable for the person's actions and may be subject to sanction under section 3905(c) (relating to prohibited acts and penalties).

(c) Bureau.—The bureau shall maintain a record of all reports made under this section for a period of five years. The bureau shall make the

reports available to any Federal or State law enforcement agency upon written request and without necessity of subpoena.

(d) Notice prohibited.—

(1) A person that is required to file a report of a suspicious transaction under this section may not notify an individual suspected of committing the suspicious transaction that the transaction has been reported.

(2) A person that violates this subsection commits a misdemeanor of the third degree and may be subject to sanction under section 3905(c).

(e) Immunity.—A person that is required to file a report of a suspicious transaction under this section and in good faith makes the report shall not be liable in any civil action brought by a person for making the report, regardless of whether the transaction is later determined to be a suspicious transaction.

(f) Sanctions.—

(1) In considering appropriate administrative sanctions against a person for violating this section, the board shall consider all of the following:

(i) The risk to the public and to the integrity of gaming operations created by the conduct of the person.

(ii) The seriousness of the conduct of the person and whether the conduct was purposeful and with knowledge that it was in contravention of the provisions of this part or regulations promulgated under this part.

(iii) Justification or excuse for the conduct by the person.

(iv) The prior history of the particular licensee or person involved with respect to video gaming terminal activity.

(v) The corrective action taken by the establishment licensee or terminal operator licensee to prevent future misconduct of a like nature from occurring.

(vi) In the case of a monetary penalty, the amount of the penalty in relation to the severity of the misconduct and the financial means of the licensee or person. The board may impose any schedule or terms of payment of such penalty as it may deem appropriate.

(2) It shall be no defense to disciplinary action before the board that a person inadvertently, unintentionally or unknowingly violated this section. The factors enumerated under paragraph (1) shall only apply to the degree of the penalty to be imposed by the board and not to a finding of a violation itself.

(g) Regulations.—The board shall promulgate regulations to effectuate the purposes of this section.

§ 3907. Additional authority.

(a) Petition for access to agency information.—

(1) The director of the Office of Enforcement Counsel within the bureau may petition a court of record having jurisdiction over information in the possession of an agency in this Commonwealth or, if there is no such court, then the Commonwealth Court for authorization

to review or obtain information in the possession of an agency in this Commonwealth by averring specific facts demonstrating that:

- (i) The agency has in its possession information material to a pending investigation or inquiry being conducted by the bureau pursuant to this part.*
- (ii) Disclosure or release of the information is in the best interest of the Commonwealth.*
- (2) The petition shall request that the court enter a rule upon the agency to show cause why the agency should not be directed to disclose to the bureau, or identified agents thereof, information in the agency's possession about any pending matter under the jurisdiction of the bureau pursuant to this part.*
- (3) If the respondent is a local agency, a copy of a rule issued pursuant to this section shall be provided to the district attorney of the county in which the local agency is located and the Office of Attorney General.*
- (4) Upon request of a local agency, the district attorney or the Attorney General may elect to enter an appearance to represent the local agency in the proceedings.*

(b) Procedure.—

- (1) The filing of a petition pursuant to this section and related proceedings shall be in accordance with court rule, including issuance as of course.*
- (2) A party to the proceeding may not disclose the filing of a petition or answer or the receipt, content or disposition of a rule or order issued pursuant to this section, without leave of court.*
- (3) A party to the proceedings may request that the record be sealed and proceedings be closed. The court shall grant the request if it is in the best interest of a person or the Commonwealth to do so.*

(c) Court determination.—

- (1) Following review of the record, the court shall grant the relief sought by the director of the Office of Enforcement Counsel if the court determines that:
 - (i) The agency has in its possession information material to the investigation or inquiry.*
 - (ii) Disclosure or release of the information is in the best interest of the Commonwealth.*
 - (iii) The disclosure or release of the information is not otherwise prohibited by statute or regulation.*
 - (iv) The disclosure or release of the information would not inhibit an agency in the performance of the agency's duties.**

(2) If the court so determines, the court shall enter an order authorizing and directing the information be made available for review in camera.

(d) Release of materials or information.—

- (1) If, after an in-camera review by the court, the director of the Office of Enforcement Counsel seeks to obtain copies of materials in the agency's possession, the court may, if not otherwise prohibited by*

statute or regulation, enter an order that the requested materials be provided.

(2) An order authorizing the release of materials or other information shall contain direction regarding the safekeeping and use of the materials or other information sufficient to satisfy the court that the materials or information will be sufficiently safeguarded.

(3) In making the determination under paragraph (2) the court shall consider input of the agency in possession of the information and input from any agency with which the information originated concerning a pending investigation or ongoing matter and the safety of person and property.

(e) Modification of order.—

(1) If subsequent investigation or inquiry by the bureau warrants modification of an order entered pursuant to this section, the director of the Office of Enforcement Counsel may petition to request modification of the order.

(2) Upon the request, the court may modify the order at any time and in any manner it deems necessary and appropriate.

(3) The agency named in the original petition shall be given notice and an opportunity to be heard.

(f) Use of information or materials.—A person who, by any means authorized by this section, has obtained knowledge of information or materials solely pursuant to this section may use the information or materials in a manner consistent with any direction imposed by the court and appropriate to the proper performance of the person's duties under this part.

(g) Violation.—In addition to the remedies and penalties provided in this part, a violation of the provisions of this section may be punished as contempt of court.

(h) Definition.—As used in this section, the term "agency" shall mean a "Commonwealth agency" or a "local agency" as those terms are defined in section 102 of the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law.

§ 3908. Detention.

(a) General rule.—A peace officer who has probable cause to believe that criminal violation of this part has occurred or is occurring on or about an establishment licensee's premises and who has probable cause to believe that a specific individual has committed or is committing the criminal violation may detain the individual in a reasonable manner for a reasonable time on the premises of the establishment licensee to require the suspect to identify himself, to verify such identification or to inform a peace officer.

(b) Immunity.—A peace officer shall not be subject to civil or criminal liability for detention of an individual in accordance with subsection (a).

CHAPTER 41 REVENUES

Sec.
4101. Fees.

4102. Taxes and assessments.

4103. Distribution of local share.

4104. Regulatory assessments.

4105. Transfers from Video Gaming Fund.

§ 4101. Fees.

(a) Application fees.—The following nonrefundable application fees shall accompany an application for the following licenses or permits applied for under Chapter 35 (relating to application and licensure):

(1) For a manufacturer or supplier license, \$50,000.

(2) For a terminal operator license, \$25,000.

(3) For an establishment license, \$1,000.

(4) For a key employee or principal license, \$500.

(5) For any other authorization or permit authorized by this part, an amount established by the board, through regulation, which may not exceed \$100.

(b) Initial license and renewal fees.—The following nonrefundable fees shall be required upon issuance of an initial license and shall accompany an application for renewal for the following licenses or permits under Chapter 35:

(1) For a manufacturer or supplier license, \$10,000.

(2) For a terminal operator license, \$5,000.

(3) For an establishment license, an amount equal to \$250 per each video gaming terminal in operation at the premises of the establishment licensee.

(4) For a key employee, procurement agent license or principal license, \$500.

(5) For any other authorization or license authorized by this part, an amount established by the board, through regulation, which may not exceed \$100.

(c) Terminal increase fee.—An establishment licensee that increases the total number of video gaming terminals within the establishment after submission of the renewal fee required in subsection (b) shall provide the board with a \$250 renewal fee for each additional video gaming terminal added to the establishment within 60 days of installation of each additional video gaming terminal.

(d) Deposit of fees.—Fees collected under this section shall be deposited into the General Fund.

§ 4102. Taxes and assessments.

(a) Fund established.—The Video Gaming Fund is established in the State Treasury. Money in the fund is hereby appropriated to the department on a continuing basis for the purposes under subsection (c).

(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% of its gross terminal revenue from all video gaming terminals operated by the terminal operator licensee within this Commonwealth.

(ii) A 10% 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 revenue.*

(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.*

(c) *Transfers and distributions.—The department shall:*

(1) *Transfer the tax imposed under subsection (b) to the Video Gaming Fund.*

(2) *(Reserved).*

(3) *Transfer the regulatory assessment imposed under subsection (b) in accordance with section 4104.*

§ 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.*

(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).*

§ 4104. *Regulatory assessments.*

(a) *Accounts established.—The State Treasurer shall establish within the State Treasury an account for each terminal operator for the deposit of a regulatory assessment amount required under subsection (b) to recover costs or expenses incurred by the board, the department, the Pennsylvania State Police and 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).*

(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.*

(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).*

(c) *Itemized budget reporting.—*

(1) *The department shall prepare and annually submit to the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the*

Appropriations Committee of the House of Representatives an itemized budget consisting of amounts to be appropriated out of the accounts established under this section necessary to administer this part.

(2) As soon as practicable after submitting copies of the itemized budget, the department shall submit to the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives analyses of and recommendations regarding the itemized budget.

(3) The itemized budget required under paragraph (1) shall be submitted in conjunction with the budget required to be submitted under section 1202(b)(28) (relating to general and specific powers).

(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 may 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, 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).

(b) General Fund transfer.—On June 30, 2018, 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 subsection (a) to the General Fund.

**CHAPTER 43
ETHICS**

Sec.

4301. Board code of conduct.

4302. Additional board restrictions.

4303. Financial and employment interests.

4304. Additional restrictions.

4305. Political influence.

§ 4301. Board code of conduct.

(a) Update required.—The board shall update the comprehensive code of conduct established under section 1202.1 (relating to code of conduct) prior to the consideration of a license, permit or other authorization under this part in order to avoid a perceived or actual conflict of interest and to promote public confidence in the integrity and impartiality of the board as related to video gaming. At a minimum, the updated code of conduct

adopted under this section shall include registration of licensed entity representatives under subsection (b) and the restrictions under subsection (c) as they relate to video gaming.

(b) Registration.—

(1) A licensed entity representative shall register with the board in a manner prescribed by the board. The registration shall include the name, employer or firm, business address and business telephone number of both the licensed entity representative and any licensed entity, applicant for licensure or other person being represented.

(2) A licensed entity representative shall update the registration information on an ongoing basis and failure to do so shall be punishable by the board.

(3) The board shall maintain a registration list that contains the information required under paragraph (1). The list shall be available on the board's publicly accessible Internet website.

(c) Restrictions.—*In addition to the other prohibitions contained in this part, a member of the board shall:*

(1) Not accept a discount, gift, gratuity, compensation, travel, lodging or other thing of value, directly or indirectly, from an applicant, licensed entity, affiliate, subsidiary or intermediary of an applicant or a licensed entity, registrant or licensed entity representative.

(2) Disclose and recuse himself from a hearing or other proceeding in which the member's objectivity, impartiality, integrity or independence of judgment may be reasonably questioned due to the member's relationship or association with a party connected to a hearing or proceeding or a person appearing before the board.

(3) Refrain from financial or business dealings that would tend to reflect adversely on the member's objectivity, impartiality or independence of judgment.

(4) (i) Not solicit funds for a charitable, educational, religious, health, fraternal, civic or other nonprofit entity from an applicant, licensed entity, party, registrant or licensed entity representative or from an affiliate, subsidiary, intermediary or holding company of an applicant, licensed entity, party or licensed entity representative.

(ii) Subject to the provisions of section 1201(h)(4.1) (relating to Pennsylvania Gaming Control Board established), a member may serve as an officer, employee or member of the governing body of a nonprofit entity and may attend, make personal contributions to and plan or preside over the entity's fundraising events.

(iii) A member may permit their name to appear on the letterhead used for fundraising events if the letterhead contains only the member's name and position with the nonprofit entity.

(5) (i) Not meet or engage in discussions with an applicant, licensed entity, registrant, licensed entity representative, person who provides goods, property or services to a terminal operator licensee or another person or entity under the jurisdiction of the board unless the meeting or discussion occurs on the business premises of the board and is recorded in a log.

(ii) *The log shall be posted on the board's publicly accessible Internet website.*

(iii) *The log must include the date and time of the meeting or discussion, the names of the participants and the subject discussed.*

(iv) *The provisions of this paragraph shall not apply to a meeting that considers matters requiring the physical inspection of the equipment or premises of an applicant or a licensed entity, if the meeting is entered in the log.*

(6) *Avoid impropriety and the appearance of impropriety at all times and observe standards and conduct that promote public confidence in the oversight of video gaming.*

(7) *Comply with other laws, rules or regulations relating to the conduct of a member.*

§ 4302. Additional board restrictions.

(a) *Board restrictions.—The following shall apply to a board member or employee of the board whose duties substantially involve licensing, enforcement, development of law, promulgation of regulations or development of policy relating to gaming under this part or who has other discretionary authority which may affect or influence the outcome of an action, proceeding or decision under this part:*

(1) *The individual may not, for a period of two years following termination of employment, accept employment with or be retained by an applicant or a licensed entity or by an affiliate, intermediary, subsidiary or holding company of an applicant or a licensed entity.*

(2) *The individual may not, for a period of two years following termination of employment, appear before the board in a hearing or proceeding or participate in activity on behalf of an applicant, licensee or licensed entity or on behalf of an affiliate, intermediary, subsidiary or holding company of an applicant, licensee or licensed entity.*

(3) (i) *An applicant or a licensed entity or an affiliate, intermediary, subsidiary or holding company of an applicant or a licensed entity may not, until the expiration of two years following termination of employment, employ or retain the individual.*

(ii) *Violation of this subparagraph shall result in termination of the individual's employment and subject the violator to section 3905(c) (relating to prohibited acts and penalties).*

(4) (i) *A prospective employee who, upon employment, would be subject to this subsection must, as a condition of employment, sign an affidavit that the prospective employee will not violate paragraph (1) or (2).*

(ii) *If the prospective employee fails to sign the affidavit, the board shall rescind an offer of employment and may not employ the individual.*

(b) *Contractor restrictions.—The following shall apply to an independent contractor of the board and to an employee of an independent contractor whose duties substantially involve consultation relating to licensing, enforcement, development of law, promulgation of regulations or development of policy relating to video gaming under this part:*

(1) The person may not, for a period of one year following termination of the contract with the board, be retained by an applicant or a licensed entity or by an affiliate, intermediary, subsidiary or holding company of an applicant or a licensed entity.

(2) The person may not, for a period of two years following termination of the contract with the board, appear before the board in a hearing or proceeding or participate in activity on behalf of an applicant, licensee or licensed entity or on behalf of an affiliate, intermediary, subsidiary or holding company of an applicant, licensee or licensed entity.

(3) (i) An applicant or a licensed entity or an affiliate, intermediary, subsidiary or holding company of an applicant or a licensee may not, until the expiration of one year following termination of the contract with the board, employ or retain the person.

(ii) A knowing violation of this subparagraph shall result in termination of the person's employment and subject the violator to section 3905(c).

(4) (i) Each contract between the board and an independent contractor that involves the duties specified in this subsection shall contain a provision requiring the independent contractor to sign an affidavit that the independent contractor will not violate paragraph (1) or (2).

(ii) If the independent contractor fails to sign the affidavit, the board may not enter into the contract or must terminate the contract.

(5) (i) An independent contractor shall require a prospective employee whose employment would involve the duties specified in this subsection to sign an affidavit that the prospective employee will not violate paragraph (1) or (2).

(ii) If the prospective employee fails to sign the affidavit, the independent contractor shall rescind an offer of employment and may not employ the individual.

(c) Construction.—Nothing under subsection (a) or (b) shall be construed to prevent a current or former employee of the board, a current or former independent contractor or a current or former employee of an independent contractor from appearing before the board in a hearing or proceeding as a witness or testifying as to any fact or information.

(d) Ethics commission.-

(1) The State Ethics Commission shall issue a written determination of whether a person is subject to subsection (a) or (b) upon the written request of the person or the person's employer or potential employer. A person that relies in good faith on a determination issued under this paragraph shall not be subject to a penalty for an action taken, provided that all material facts specified in the request for the determination are correct.

(2) (i) The State Ethics Commission shall publish a list of all employment positions within the board and employment positions within independent contractors whose duties would subject the

individuals in those positions to the provisions of subsections (a) and (b).

(ii) The board and each independent contractor shall assist the State Ethics Commission in the development of the list, which shall be published by the State Ethics Commission in the Pennsylvania Bulletin biennially and posted by the board on the board's publicly accessible Internet website.

(iii) Upon request, employees of the board and each independent contractor shall provide the State Ethics Commission with adequate information to accurately develop and maintain the list.

(iv) The State Ethics Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an individual who fails to cooperate with the State Ethics Commission under this paragraph.

(v) An individual who relies in good faith on the list published by the State Ethics Commission shall not be subject to a penalty for a violation of subsection (a) or (b).

§ 4303. Financial and employment interests.

(a) Financial interests.—Except as may be provided for the judiciary by rule or order of the Pennsylvania Supreme Court, an executive-level public employee, public official or party officer, or an immediate family member thereof, shall not intentionally or knowingly hold a financial interest in an applicant or a licensee, or in a holding company, affiliate, intermediary or subsidiary thereof, while the individual is an executive-level public employee, public official or party officer and for one year following termination of the individual's status as an executive-level public employee, public official or party officer.

(b) Employment.—Except as may be provided by rule or order of the Pennsylvania Supreme Court and except as provided in section 1202.1 (relating to code of conduct) or 4304 (relating to additional restrictions), no executive-level public employee, public official or party officer, or an immediate family member thereof, shall be employed by an applicant or licensee, or by a holding company, affiliate, intermediary or subsidiary thereof, while the individual is an executive-level public employee, public official or party officer and for one year following termination of the individual's status as an executive-level public employee, public official or party officer.

(c) Complimentary services.—

(1) No executive-level public employee, public official or party officer, or an immediate family member thereof, shall solicit or accept a complimentary service from an applicant or licensee, or from an affiliate, intermediary, subsidiary or holding company thereof, which the executive-level public employee, public official or party officer, or an immediate family member thereof, knows or has reason to know is other than a service or discount which is offered to members of the general public in like circumstances.

(2) No applicant or licensee, or an affiliate, intermediary, subsidiary or holding company thereof, shall offer or deliver to an

executive-level public employee, public official or party officer, or an immediate family member thereof, a complimentary service from the applicant or licensee, or an affiliate, intermediary, subsidiary or holding company thereof, that the applicant or licensee, or an affiliate, intermediary, subsidiary or holding company thereof, knows or has reason to know is other than a service or discount that is offered to members of the general public in like circumstances.

(d) Grading.—An individual who violates this section commits a misdemeanor of the third degree and shall, upon conviction, be sentenced to pay a fine of not more than \$1,000 or to imprisonment for not more than one year, or both.

(e) Divestiture.—

(1) An executive-level public employee, public official or party officer, or an immediate family member thereof, who holds a financial interest prohibited by this section shall divest the financial interest within three months of the effective date of this section, as applicable.

(2) An executive-level public employee, public official, party officer or immediate family member shall have 30 days from the date the individual knew or had reason to know of the violation or 30 days from the publication in the Pennsylvania Bulletin under section 3301(b)(12) (relating to powers of board) of the application or licensure of the executive-level public employee, public official, party officer or immediate family member, whichever occurs earlier, to divest the financial interest.

(3) The State Ethics Commission may, for good cause, extend the time period under this subsection.

(f) State Ethics Commission.—The State Ethics Commission shall do all of the following:

(1) (i) Issue a written determination of whether a person is subject to subsection (a), (b) or (c) upon the written request of the person or another person that may have liability for an action taken with respect to the person.

(ii) A person that relies in good faith on a determination made under this paragraph shall not be subject to penalty for an action taken, provided that all material facts specified in the request for the determination are correct.

(2) (i) Publish a list of all State, county, municipal and other government positions that meet the definitions of "public official" as defined under subsection (g) or "executive-level public employee" as defined under section 3102 (relating to definitions).

(ii) The Office of Administration shall assist the State Ethics Commission in the development of the list, which list shall be published by the State Ethics Commission in the Pennsylvania Bulletin biennially and posted by the board on the board's publicly accessible Internet website.

(iii) Upon request, a public official shall provide the State Ethics Commission with adequate information to accurately develop and maintain the list.

(iv) *The State Ethics Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an individual, including a public official or executive-level public employee, who fails to cooperate with the State Ethics Commission under this subsection.*

(v) *A person that relies in good faith on the list published by the State Ethics Commission shall not be subject to penalty for a violation of this section.*

(g) *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:*

"Applicant." A person applying for a manufacturer license, supplier license or terminal operator license under this part.

"Financial interest." Owning or holding, or being deemed to hold, debt or equity securities or other ownership interest or profits interest. A financial interest shall not include a debt or equity security, or other ownership interest or profits interest, which is held or deemed to be held in any of the following:

(1) *A blind trust over which the executive-level public employee, public official, party officer or immediate family member thereof may not exercise any managerial control or receive income during the tenure of office and the period under subsection (a). The provisions of this paragraph shall apply only to blind trusts established prior to the effective date of this section.*

(2) *Securities that are held in a pension plan, profit-sharing plan, individual retirement account, tax-sheltered annuity, a plan established pursuant to section 457 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) or a successor provision deferred compensation plan whether qualified or not qualified under the Internal Revenue Code of 1986 or any successor provision or other retirement plan that:*

(i) *is not self-directed by the individual; and*

(ii) *is advised by an independent investment adviser who has sole authority to make investment decisions with respect to contributions made by the individual to these plans.*

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

(4) *A mutual fund where the interest owned by the mutual fund in a licensed entity does not constitute a controlling interest as defined in this part.*

"Immediate family." A spouse, minor child or unemancipated child.

"Licensee." A manufacturer licensee, supplier licensee or a terminal operator licensee.

"Party officer." A member of a national committee; a chairperson, vice chairperson, secretary, treasurer or counsel of a State committee or member of the executive committee of a State committee; a county chairperson, vice chairperson, counsel, secretary or treasurer of a county committee in which a licensed facility is located; or a city chairperson, vice

chairperson, counsel, secretary or treasurer of a city committee of a city in which a licensed facility is located.

"Public official." The term shall include the following:

(1) The Governor, Lieutenant Governor, a member of the Governor's cabinet, State Treasurer, Auditor General and Attorney General of the Commonwealth.

(2) A member of the Senate or House of Representatives of the Commonwealth.

(3) An individual elected or appointed to an office of a county or municipality that directly receives a distribution of revenue under this part.

(4) An individual elected or appointed to a department, agency, board, commission, authority or other governmental body not included in paragraph (1), (2) or (3) that directly receives a distribution of revenue under this part.

(5) An individual elected or appointed to a department, agency, board, commission, authority, county, municipality or other governmental body not included in paragraph (1), (2) or (3) with discretionary power that may influence or affect the outcome of an action or decision and who is involved in the development of regulation or policy relating to a licensed entity or is involved in other matters under this part.

§ 4304. Additional restrictions.

(a) Restrictions.—

(1) No individual trooper or employee of the Pennsylvania State Police or employee of the Office of Attorney General or the department whose duties substantially involve licensing or enforcement, the development of laws or the development or adoption of regulations or policy related to gaming under this part or who has other discretionary authority that may affect or influence the outcome of an action, proceeding or decision under this part may do any of the following:

(i) Accept employment with or be retained by an applicant or licensed entity, or an affiliate, intermediary, subsidiary or holding company of an applicant or licensed entity, for a period of two years after the termination of employment.

(ii) (A) Appear before the board in a hearing or proceeding or participate in other activity on behalf of an applicant, licensee or licensed entity, or an affiliate, intermediary, subsidiary or holding company of an applicant, licensee or licensed entity, for a period of two years after termination of employment.

(B) Nothing in this paragraph shall be construed to prevent a current or former trooper or employee of the Pennsylvania State Police, the Office of Attorney General or the department from appearing before the board in a proceeding or hearing as a witness or testifying as to a fact or information.

(2) As a condition of employment, a potential employee who would be subject to this subsection shall sign an affidavit that the individual will not accept employment with or be retained by an applicant or licensed entity, or an affiliate, intermediary, subsidiary or holding

company of an applicant or licensed entity, for a period of two years after the termination of employment.

(b) Employment or retention.—

(1) No applicant or licensed entity or an affiliate, intermediary, subsidiary or holding company of an applicant or licensed entity may employ or retain an individual subject to subsection (a) until the expiration of the period required in subsection (a)(1)(i).

(2) An applicant or licensed entity, or an affiliate, intermediary, subsidiary or holding company of an applicant or licensed entity, that knowingly employs or retains an individual in violation of this subsection shall terminate the employment of the individual and be subject to penalty under section 1518(c) (relating to prohibited acts; penalties).

(c) Violation.—If an individual subject to subsection (a) refuses or otherwise fails to sign an affidavit, the individual's potential employer shall rescind the offer of employment.

(d) Code of conduct.—

(1) The Pennsylvania State Police, Office of Attorney General and department each shall adopt a comprehensive code of conduct that supplements all other requirements under this part and 65 Pa.C.S. Pt. II (relating to accountability), as applicable, and shall provide guidelines applicable to troopers, employees, independent contractors of the agency whose duties substantially involve licensing or enforcement, the development of laws or the development or adoption of regulations or policy related to video gaming under this part or who have other discretionary authority that may affect the outcome of an action, proceeding or decision under this part, and the immediate families of these individuals to enable them to avoid a perceived or actual conflict of interest and to promote public confidence in the integrity and impartiality of video gaming enforcement and regulation.

(2) At a minimum, the code of conduct adopted under this section shall apply the types of restrictions applicable to members under section 1202.1(c) (relating to code of conduct), except that the restrictions under section 1202.1(c)(5) shall not apply to an elected Attorney General.

(e) State Ethics Commission.—The State Ethics Commission shall do all of the following:

(1) (i) Issue a written determination of whether an individual is subject to subsection (a) upon the written request of the individual or the individual's employer or potential employer.

(ii) A person that relies in good faith on a determination made under this paragraph shall not be subject to penalty for an action taken, provided that all material facts specified in the request for the determination are correct.

(2) (i) Publish a list of all positions within the Pennsylvania State Police, the Office of Attorney General and the department the duties of which would subject the individuals in those positions to the provisions of subsection (a).

(ii) Each agency subject to this subsection shall assist the State Ethics Commission in the development of the list, which list shall be published by the State Ethics Commission in the Pennsylvania Bulletin biennially, shall be posted by the board on the board's publicly accessible Internet website and shall be posted by each agency on the agency's publicly accessible Internet website.

(iii) Upon request by the State Ethics Commission, members and employees of each agency subject to this subsection shall provide the State Ethics Commission with adequate information to accurately develop and maintain the list.

(iv) The State Ethics Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an individual who fails to cooperate with the State Ethics Commission under this subsection.

(v) A person who relies in good faith on the list published by the State Ethics Commission shall not be subject to penalty for a violation of subsection (a).

§ 4305. Political influence.

(a) *Contribution restriction.*—The following persons shall be prohibited from contributing money or an in-kind contribution to a candidate for nomination or election to a public office in this Commonwealth, to a political party committee or other political committee in this Commonwealth or to a group, committee or association organized in support of a candidate, political party committee or other political committee in this Commonwealth:

(1) An applicant for a terminal operator license, manufacturer license, supplier license, principal license or a key employee license.

(2) A terminal operator licensee, manufacturer licensee or supplier licensee.

(3) A licensed principal or licensed key employee of a terminal operator licensee, manufacturer licensee or supplier licensee.

(4) An affiliate, intermediary, subsidiary or holding company of a terminal operator licensee, manufacturer licensee or supplier licensee.

(5) A licensed principal or licensed key employee of an affiliate, intermediary, subsidiary or holding company of a terminal operator licensee, manufacturer licensee or supplier licensee.

(6) A person who holds a similar video gaming license in another jurisdiction and the affiliates, intermediaries, subsidiaries, holding companies, principals or key employees thereof.

(b) Contributions to certain associations and organizations barred.—No individual prohibited from making political contributions under subsection (a) may make a political contribution of money or an in-kind contribution to an association or organization, including a nonprofit organization, that has been solicited by, or knowing that the contribution or a portion thereof will be contributed to, the elected official, executive-level public employee or candidate for nomination or election to a public office in this Commonwealth.

(c) *Internet website.*—

(1) The board shall establish a publicly accessible Internet website that includes a list of all applicants for and holders of a terminal

operator license, manufacturer license or supplier license and the affiliates, intermediaries, holding companies, principals and key employees thereof, all persons holding a similar video gaming license in another jurisdiction, and the affiliates, intermediaries, holding companies, principals and key employees thereof, and other entities in which the applicant or licensee has a debt or an equity security or other ownership or profits interest. An applicant or licensee shall notify the board within seven days of the discovery of a change in or addition to the information.

(2) No individual who acts in good faith and in reliance on the information on the board's publicly accessible Internet website shall be subject to penalty or liability imposed for a violation of this section.

(3) The board shall request the information required under paragraph (1) from a person licensed in another jurisdiction who does not hold a license in this Commonwealth and from regulatory agencies in the other jurisdiction. If a person who is a licensee in another jurisdiction refuses to provide the information required under paragraph (1), the person and its officers, directors or persons with a controlling interest shall be ineligible to receive a license under this part.

(d) Annual certification.—The chief executive officer, or other appropriate individual, of each applicant for a terminal operator license, manufacturer license or supplier license, or manufacturer licensee, supplier licensee or terminal operator licensee, shall annually certify under oath to the board and the Department of State that the applicant or supplier licensee, manufacturer licensee or terminal operator licensee has developed and implemented internal safeguards and policies intended to prevent a violation of this provision and that the applicant or supplier licensee, manufacturer licensee or terminal operator licensee has conducted a good faith investigation that has not revealed a violation of this subsection during the past year.

(e) Penalties.—

(1) A violation of this section by a terminal operator licensee or a person that holds a controlling interest in the licensee, or a subsidiary company thereof, or an officer, director or management-level employee of the licensee shall be punishable as follows:

(i) A first violation of this section shall be punishable by a fine equal to an amount not less than the average single-day gross terminal revenue of the terminal operator licensee.

(ii) A second violation of this section, within five years of the first violation, shall be punishable by at least a one-day suspension of the license held by the terminal operator licensee and a fine equal to an amount not less than two times the average single-day gross terminal revenue of the terminal operator licensee.

(iii) A third violation of this section within five years of the second violation shall be punishable by the immediate revocation of the license held by the terminal operator licensee.

(2) A violation of this section by a manufacturer or supplier licensed under this part or by a person that holds a controlling interest in such manufacturer or supplier, or a subsidiary company thereof, or

an officer, a director or a management-level employee of such a licensee shall be punishable as follows:

(i) A first violation of this section shall be punishable by a fine equal to an amount not less than a single-day average of the gross profit from sales made by the manufacturer or supplier in this Commonwealth during the preceding 12-month period or portion thereof in the event the manufacturer or supplier has not operated in this Commonwealth for 12 months.

(ii) A second or subsequent violation of this section within five years of a prior violation shall be punishable by a one-month suspension of the license held by the manufacturer or supplier and a fine equal to an amount not less than two times a single-day average of the gross profit from sales made by the manufacturer or supplier in this Commonwealth during the preceding 12-month period or portion thereof in the event the manufacturer or supplier has not operated in this Commonwealth for 12 months.

(3) In no event shall the fine imposed under this section be an amount less than \$100,000 for each violation. In addition to a fine or sanction that may be imposed by the board under this subsection, an individual who makes a contribution in violation of this section commits a misdemeanor of the third degree.

(f) Definitions.—As used in¹ this section, the following words and phrases shall have the meanings given to them in this subsection:

"Contribution." A payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or a valuable thing made to a candidate or political committee for the purpose of influencing an election in this Commonwealth or for paying debts incurred by or for a candidate or committee before or after an election. The term includes:

(1) The purchase of tickets for events, including dinners, luncheons, rallies and other fundraising events.

(2) The granting of discounts or rebates not available to the general public.

(3) The granting of discounts or rebates by television and radio stations and newspapers not extended on an equal basis to all candidates for the same office.

(4) A payment provided for the benefit of a candidate, including payment for the services of a person serving as an agent of a candidate or committee by a person other than the candidate or committee or person whose expenditures the candidate or committee must report.

(5) The receipt or use of anything of value by a political committee from another political committee and a return on investments by a political committee.

"Political committee." A committee, club, association or other group of persons that receives contributions or makes expenditures.

CHAPTER 45 MISCELLANEOUS PROVISIONS

¹(d) Definitions.—As used in" in enrolled bill.

Sec.

4501. (Reserved).

4502. Declaration of exemption from Federal laws prohibiting video gaming terminals.

4503. Preemption of local taxes and license fees.

4504. Exclusive jurisdiction of Supreme Court.

4505. Commonwealth Financing Authority.

4506. Host county option.

§ 4501. (Reserved).

§ 4502. Declaration of exemption from Federal laws prohibiting video gaming terminals.

(a) Declaration.—Under the Gambling Devices Transportation Act (64 Stat. 1134, 15 U.S.C. § 1171 et seq.), the Commonwealth declares that it is exempt from section 2 of that act.

(b) Legal shipments.—All shipments of gambling devices, as defined in section 1 of the Gambling Devices Transportation Act, into this Commonwealth, the registering, recording and labeling of which has been effected by the manufacturer and supplier of those devices in accordance with sections 3 and 4 of the Gambling Devices Transportation Act, shall be deemed legal shipments of gambling devices into this Commonwealth.

§ 4503. Preemption of local taxes and license fees.

(a) Statutes.—Video gaming terminals shall be exempt from taxes levied under the following:

(1) The act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act.

(2) The act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

(3) 53 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional plan government).

(4) Any statute that confers taxing authority to a political subdivision.

(b) Licensing fees.—Video gaming terminals are exempt from local licensing fees.

§ 4504. Exclusive jurisdiction of Supreme Court.

The Pennsylvania Supreme Court shall have exclusive jurisdiction to hear a challenge to or to render a declaratory judgment concerning the constitutionality of this part. The Pennsylvania Supreme Court may take such action as it deems appropriate, consistent with the Pennsylvania Supreme Court retaining jurisdiction over the matter, to find facts or to expedite a final judgment in connection with a challenge or request for declaratory relief.

§ 4505. Commonwealth Financing Authority.

The Commonwealth Financing Authority shall establish accounts, administer and distribute the funds deposited into the accounts and perform all other duties required of it under this part.

§ 4506. Host county option.

(a) General rule.—A county that hosts a Category 1, Category 2 or Category 3 licensed facility on the effective date of this section shall have the option to prohibit the placement of video gaming terminals within the host county by delivering a resolution of the county governing body to the

board within 60 days of the effective date of this section. No video gaming terminals may be operated in a host county that has exercised the option to prohibit video gaming terminals under this section.

(b) Rescission of prohibition.—

(1) Subject to paragraph (2), a host county that prohibits video gaming terminals within the host county under subsection (a) may rescind that prohibition at any time by delivering a new resolution of the county governing body to the board.

(2) A host county that rescinds its prior prohibition according to paragraph (1) may not subsequently prohibit video gaming terminals in the host county under this section.

Section 33. Section 27 of this act reenacts and amends 4 Pa.C.S. § 1403(c)(2). The Department of Revenue shall implement the reenactment and amendment of the provision as follows:

(1) The department shall apply the reenactment without the amendment retroactively to May 27, 2017.

(2) The department shall apply the reenactment with the amendment prospectively after December 31, 2017.

Section 34. The following provisions shall apply retroactively to January 1, 2017:

(1) The addition of 4 Pa.C.S. § 1326.1.

(2) The amendment of 4 Pa.C.S. § 13A63(b)(3)(iii)(C).

(3) Except as set forth in section 33 of this act, the reenactment and amendment of 4 Pa.C.S. § 1403.

Section 35. Repeals are as follows:

(1) The General Assembly finds that the repeal under paragraph (2) is necessary to effectuate the amendment of 4 Pa.C.S. § 1307.

(2) Section 21(2) of the act of January 7, 2010 (P.L.1, No.1), is repealed.

(3) The General Assembly declares that the repeal under paragraph (4) is necessary to effectuate the addition of 4 Pa.C.S. § 1403(c)(2)(i)(D)(I.2) and (I.3).

(4) Section 1753-E of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, is repealed.

(5) As much as reads ", except that the secretary may not authorize the game of keno or an Internet instant game unless specifically authorized by law" in section 303(a)(1) of the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, is repealed.

Section 36. This act shall take effect as follows:

(1) The amendment or addition of 4 Pa.C.S. Ch. 13C and 4 Pa.C.S. § 1509 shall take effect in 60 days.

(2) The addition of 4 Pa.C.S. Ch. 3 shall take effect in 180 days.

(3) The amendment or addition of 4 Pa.C.S. § 1407(b), (c), (c.1), (d) introductory paragraph, (d.2) and (d.3) shall take effect January 1, 2018.

(4) The remainder of this act shall take effect immediately.

APPROVED—The 30th day of October, A.D. 2017

TOM WOLF