

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 352 Session of 2015

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

SENATOR VOGEL, AGRICULTURE AND RURAL AFFAIRS, AS AMENDED, FEBRUARY 24, 2015

AN ACT

1 Amending the act of December 17, 1981 (P.L.435, No.135),
2 entitled "An act providing for the regulation of pari-mutuel
3 thoroughbred horse racing and harness horse racing
4 activities; imposing certain taxes and providing for the
5 disposition of funds from pari-mutuel tickets," in general
6 provisions, further providing for definitions; repealing
7 provisions relating to the State Horse Racing Commission and
8 State Harness Racing Commission; in racing oversight,
9 providing for racing oversight, for pari-mutuel wagering
10 licensing and for advance deposit wagering; in medication
11 rules and enforcement provisions, further providing for
12 mandatory requirements for medication rules, for
13 establishment of Pennsylvania Race Horse Testing Program, for
14 costs for enforcement of medication rules; and providing for
15 the cessation of the State Horse Racing Commission and the
16 State Harness Racing Commission.

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

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

23 Section 102. Definitions.

24 The following words and phrases when used in this act shall

1 have, unless the context clearly indicates otherwise, the  
2 meanings given to them in this section:

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

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

9 "Applicant." A person who, on his own behalf or on behalf of  
10 another, is applying for permission to engage in an act or  
11 activity which is regulated under the provisions of this act. If  
12 the applicant is a person other than an individual, the  
13 commission shall determine the associated persons whose  
14 qualifications are necessary as a precondition to the licensing  
15 of the applicant.

16 "Backside area." As defined in 4 Pa.C.S. § 1103 (relating to  
17 definitions).

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

21 "Clean letter of credit." A letter of credit which is  
22 available to the beneficiary against presentation of only a  
23 draft or receipt.

24 "Commission." The State Horse Racing Commission.

25 ["Commissions." The State Horse Racing Commission and the  
26 State Harness Racing Commission.

27 "Commissioners." The persons appointed by the Governor and  
28 confirmed by the Senate who serve on the State †Horse Racing <--  
29 Commission or the State Harness† Racing Commission and who <--  
30 administer the applicable provisions of this act.]

1 "Commissioner." An individual appointed to and sworn in as a  
2 member of the commission in accordance with section ~~201-A(e)~~ <--  
3 201-A(B). <--

4 "Conviction." As defined in 4 Pa.C.S. § 1103 (relating to  
5 definitions).

6 "Electronic wagering." A legal wager placed by an individual  
7 in this Commonwealth related only to the outcome of a horse race  
8 taking place in this Commonwealth, placed or transmitted by an  
9 individual through telephone or any electronic media approved by  
10 the commission and accepted by a licensed racing entity or its  
11 approved off-track betting system located in this Commonwealth.

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

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

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

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

30 "Felony." As defined in 4 Pa.C.S. § 1213(4) (relating to

1 license or permit prohibition).

2 "Financial interest." An ownership, property, leasehold or  
3 other beneficial interest in an entity. The term shall not  
4 include an interest which is held or deemed to be held in any of  
5 the following:

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

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

15 (ii) Is advised by an independent investment adviser  
16 who has sole authority to make investment decisions with  
17 respect to contributions made by the individual to these  
18 plans.

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

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

26 "HORSE RACE MEETING." A SPECIFIED PERIOD AND DATES EACH YEAR <--  
27 DURING WHICH A LICENSED RACING ENTITY IS AUTHORIZED TO CONDUCT  
28 LIVE RACING OR PARI-MUTUEL WAGERING AS APPROVED BY THE  
29 COMMISSION.

30 "Horse racing." Standardbred horse racing and thoroughbred

1 horse racing.

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

5 "IMMEDIATE FAMILY." A SPOUSE, PARENT, BROTHER, SISTER OR <--  
6 CHILD.

7 "Irrevocable clean letter of credit." A clean letter of  
8 credit which cannot be canceled or amended unless there is an  
9 agreement to cancel or amend among all parties to the letter of  
10 credit.

11 "Land mile." A unit of distance equal to 1,609.3 meters or  
12 5,280 feet.

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

18 "Licensed advance deposit account wagering entity." A person  
19 licensed by the commission to conduct advance deposit account  
20 wagering and accept deposits and wagers, issue receipts or other  
21 confirmation to the account holder evidencing such deposits and  
22 wagers, and transfer credits and debits to and from accounts.

23 "Licensed entity." As defined in 4 Pa.C.S. § 1103 (relating  
24 to definitions).

25 "Licensed facility." As defined in 4 Pa.C.S. § 1103  
26 (relating to definitions).

27 "Licensed entity representative." A person, including an  
28 attorney, agent or lobbyist, acting on behalf of or authorized  
29 to represent the interest of any applicant, licensee, permittee  
30 or other person authorized by the commission to engage in any

1 act or activity regulated by the commission under this act  
2 regarding any matter before, or which may be reasonably expected  
3 to come before, the commission. The term shall include a person  
4 representing a horseman's organization or a horse breeder's  
5 organization.

6 "Licensed racing entity." Any person that has obtained a  
7 license to conduct live thoroughbred or harness horse race  
8 meetings respectively with pari-mutuel wagering from the  
9 commission.

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

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

15 ["Nonprimary location statement." The written statement  
16 pursuant to this act submitted to the appropriate commission by  
17 a licensed corporation planning to establish a nonprimary  
18 location.]

19 "Ownership interest." Owning or holding, or being deemed to  
20 hold, debt or equity securities or other ownership interest or  
21 profit interest.

22 "Permittee." The holder of a permit issued under this act.

23 "PERSON." ANY NATURAL PERSON, CORPORATION, FOUNDATION, <--  
24 ORGANIZATION, BUSINESS TRUST, ESTATE, LIMITED LIABILITY COMPANY,  
25 LICENSE CORPORATION, TRUST, PARTNERSHIP, LIMITED LIABILITY  
26 PARTNERSHIP, ASSOCIATION OR ANY OTHER FORM OF LEGAL BUSINESS  
27 ENTITY.

28 "Primary market area of a racetrack." The land area included  
29 in a circle drawn with the racetrack as the center and a radius  
30 of 35 land miles.

1 "Racetrack." The physical facility where a licensed  
2 [corporation] racing entity conducts thoroughbred or [harness]  
3 standardbred race meetings respectively with pari-mutuel  
4 wagering.

5 "Racetrack enclosure." For purposes of this act, the term  
6 "racetrack enclosure," with respect to each licensed  
7 [corporation] racing entity, shall be deemed to include at least  
8 one primary racetrack location at which horse race meetings  
9 authorized to be held by the licensed [corporation] racing  
10 entities are conducted, and all primary, nonprimary, contiguous  
11 and noncontiguous locations of the licensed [corporation] racing  
12 entity which are specifically approved by the [appropriate]  
13 commission for conducting the pari-mutuel system of wagering on  
14 the results of horse [races] racing held at such meetings or  
15 race meetings conducted by another licensed [corporation] racing  
16 entity or televised to such locations by simulcasting.

17 "Secondary market area of a racetrack." The land area  
18 included in a circle drawn with the racetrack as the center and  
19 a radius of 50 land miles, not including the primary market area  
20 of the racetrack.

21 "Simulcast." The transmission of live electronically  
22 televised video/audio races from the host racetrack to the [race  
23 track] racetrack receiving the television transmission.

24 "Standardbred horse racing" or "harness racing." A form of  
25 horse racing in which the horses participating are attached "in  
26 harness" to a sulky or other similar vehicle, at a specific  
27 gait, either a trot or pace.

28 "Thoroughbred horse racing." The form of horse racing in  
29 which each participating horse is mounted by a jockey, is duly  
30 registered with The Jockey Club of New York and engages in horse

1 racing on the flat, which may include a steeplechase or hurdle  
2 race.

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

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

8 [CHAPTER 2

9 STATE HORSE RACING COMMISSION AND STATE HARNESS

10 RACING COMMISSION

11 Section 201. Establishment of the commissions.

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

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

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

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

23 (d) Each commission shall engage an executive secretary,  
24 deputies, secretaries, officers and representatives as it may  
25 deem necessary, who shall serve during its pleasure. The  
26 commissions shall also engage other employees as they see fit  
27 and whose duties shall be prescribed by the commissions and  
28 whose compensation shall be fixed by the commissions within the  
29 appropriations available. Legal counsel for the commissions  
30 shall be appointed in accordance with the act of October 15,

1 1980 (P.L.950, No.164), known as the "Commonwealth Attorneys  
2 Act." Each commission shall be subject to the provisions of the  
3 act of April 9, 1929 (P.L.177, No.175), known as "The  
4 Administrative Code of 1929," as to classification and  
5 compensation for all its employees.

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

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

1 duties in accordance with the provisions of "The Administrative  
2 Code of 1929."

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

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

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

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

1 these licenses were issued. After these licenses have expired,  
2 all renewals or new licenses shall be issued under the  
3 provisions of this act.

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

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

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

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

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

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

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

1 for a promotional program shall be authorized and approved in  
2 the same manner as other operational costs of the  
3 commissions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (v) has violated any rule, regulation or order of

1           the commissions.

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

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

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

29          (d) If the appropriate commission determines that it is  
30          inconsistent with the public interest, convenience, or

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

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

17 Section 205. Number of horse racing corporations.

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

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

1 conduct harness horse racing with pari-mutuel wagering.

2 Section 206. Responsibilities of the Department of Revenue.

3 The Department of Revenue is charged with the financial  
4 administration of pari-mutuel wagering under this act, as  
5 supplemented by the rules and regulations of the commissions.

6 The Department of Revenue shall have authority to prescribe the  
7 forms and the system of accounting to be employed, and through  
8 its representatives shall, at all times, have power of access  
9 to, and examination of, any equipment relating to such wagering.

10 Section 207. Allocation of racing days.

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

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

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

28 (b) No more than 125 racing days shall be allocated to each  
29 licensed corporation conducting harness horse race meetings in  
30 any calendar year. Every corporation shall hold its license

1 under the provisions of section 209. The State Harness Racing  
2 Commission shall allocate the racing days in accordance with the  
3 following guidelines:

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

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

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

29 (4) For purposes of this section, an ownership interest  
30 shall mean that a licensed corporation directly or through a

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

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

- 19 (1) the names and addresses of the corporations;
- 20 (2) the names and addresses of the presidents and  
21 general managers of the corporations;
- 22 (3) the names and locations of the facilities where the  
23 racing days are to be conducted;
- 24 (4) the number of racing days allocated to each  
25 corporation; and
- 26 (5) a numbered list of each racing day assigned to each  
27 calendar day of the year for the purposes of taxation.

28 (d) If a racing day is cancelled by a licensed corporation  
29 for reasons beyond its control, the appropriate commission shall  
30 grant the licensed corporation the right to conduct that racing

1 day in the same or the next ensuing calendar year, if schedules  
2 permit. The racing day for purposes of taxation under section  
3 222 shall be at the lowest tax rate at which the licensed  
4 corporation conducted a racing day during that year.

5 Section 208. State admissions taxes.

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

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

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

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

23 Section 209. Licenses for horse race meetings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (2) The experience, character or fitness of any officer,  
30 director or stockholder of any of the corporations is such

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

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

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

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

1 meetings.

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

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

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

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

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

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

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

7 Section 210. Shareholders.

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

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

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

1 trust shall be filed with the appropriate commission.

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

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

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

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

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

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

30 (i) which is licensed by the commissions to conduct

1 pari-mutuel racing;

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

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

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

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

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

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

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

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

30 "Party officer." The following members or officers of any

1 political party:

2 (1) a member of a national committee;

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

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

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

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

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

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

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

23 Section 212. Officials at horse race meetings.

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

1 be paid by the corporation conducting the race meeting.

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

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

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

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

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

29 (c) If the commissions find that the experience, character  
30 and general fitness of the applicant are such that the

1 participation of the person in horse race meets is consistent  
2 with the public interest, convenience and necessity, and with  
3 the best interests of racing generally in conformity with the  
4 purposes of this act, it may grant a license.

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

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

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

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

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

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

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

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

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

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

6 (1) The applicant or licensee:

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

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

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

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

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

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

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

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

1 original finding.

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

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

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

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

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

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

30 (b) No officer or employee of a licensed corporation or

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

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

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

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

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

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

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

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

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

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

9 Section 216. Interstate simulcastings of horse races.

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

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

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

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

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

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

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

1 the licensed corporation conducts racing dates, except for  
2 thoroughbred tracks on the day designated as Breeder's Cup  
3 Event Day, when the facility shall hold a minimum of five  
4 live races.

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

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

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

1 thoroughbred horse race meeting and all harness races shall be  
2 considered a part of a harness horse race meeting for purposes  
3 of section 222(b) (5).

4 Section 217. Refunds.

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

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

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

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

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

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

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

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

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

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

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

1 account shall place a telephone wager. Any person violating this  
2 subsection shall be guilty of a misdemeanor of the first degree.

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

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

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

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

1 locations, or on horse races simulcast to the locations pursuant  
2 to section 216, provided that:

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

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

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

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

1           (5) (i) Any licensed corporation, planning to establish  
2 a nonprimary location, shall submit to the appropriate  
3 commission a nonprimary location statement in a form  
4 prescribed by the appropriate commission which specifies,  
5 but is not limited to, the following:

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

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

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

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

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

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

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

22           (H) The number of available parking spaces.

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

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

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

1                   (L) The total square feet of the proposed  
2                   facility.

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

30                  (iii) In determining whether the nonprimary location

1 statement meets the legislative intent of this amendatory  
2 act, the appropriate commission shall consider factors  
3 which include, but are not limited to, the following:

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

6 (B) The public interest.

7 (C) The integrity of live racing.

8 (D) The impact on the local community.

9 (E) The potential for job creation.

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

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

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

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

1 according to the following schedule.

2	Year	Number of	Number of days	Number of	Number of days
3		live racing	in subsequent	live racing	in subsequent
4		days	year permitted	days	year permitted
5		conducted	to operate	conducted	to operate
6			nonprimary		nonprimary
7			locations within		locations
8			primary market		within primary
9			area		market area
10	1988	50	365		
11	1989	69	365	Under 69	307
12	1990	88	365	Under 88	259
13	1991	107	365	Under 107	191
14	1992	126	365	Under 126	133
15	1993	142	365	Under 142	75

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

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

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

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

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

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

30           (ii) The retained moneys as provided for in section

1 222(e) shall be calculated for each location where pari-  
2 mutuel wagering is being conducted. If wagering has taken  
3 place at a nonprimary location where the wagering is  
4 conducted by a licensed corporation other than the  
5 licensed corporation conducting the race meeting, the  
6 licensed corporation conducting the race meeting shall  
7 retain any moneys to which it is entitled by agreement  
8 between such licensed corporations and shall pay over the  
9 balance of the retained moneys to the licensed  
10 corporation conducting the wagering at the nonprimary  
11 location.

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

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

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

1           within the primary market area.

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

9           Section 218-A. Wagering at nonprimary locations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (4) twenty percent of the moneys plus the breakage from  
26 the exacta, daily double, quinella and other wagering pools  
27 involving two horses each racing day shall be retained by the  
28 licensed corporations for further distribution under section  
29 222; or

30 (5) at least 26% but no more than 35% of the moneys plus

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

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

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

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

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

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

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

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

1 Department of Revenue for credit to the State Racing Fund. The  
2 tax imposed on all licensed corporations shall be a percentage  
3 tax on the amount wagered each racing day and be paid from the  
4 moneys retained under section 221.

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

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

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

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

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

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

1 (a.4) Any corporation which does not hold a license under  
2 section 209 on the effective date of this act and which is  
3 granted a license under this act shall be subject to payment out  
4 of moneys retained under section 221, through the Department of  
5 Revenue for credit to the State Horse Racing Fund, of the  
6 following tax for a period of four years from the issuance date  
7 of the license - 1.0%, at which time said licensee shall be  
8 subject to the lawful rate then in effect under subsection (a.1)  
9 (3).

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

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

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

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

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

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

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

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

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

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

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

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

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

1 purses to the horsemen.

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

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

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

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

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

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

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

1 licensed corporation conducting the meet shall cancel the  
2 race.

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

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

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

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

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

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

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

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

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

27 (c) Up to one-fifth of the total of the estimated fund  
28 moneys remaining each year after the deduction of expenses  
29 related to the administration and development of the  
30 Pennsylvania Breeding Fund program and the payment of breeder,

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

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

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

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

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

30 (f) The Pennsylvania Breeding Fund Advisory Committee, under

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

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

1 shall reimburse from the fund the Pennsylvania Horse Breeders'  
2 Association for those expenses actually incurred in the  
3 administration and development of the Breeding Fund program.  
4 Section 224. Pennsylvania Sire Stakes Fund.

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

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

1 40% of the total amount to be distributed to licensed  
2 corporations in a calendar year for use for a series of  
3 championship final races at the race tracks of licensed  
4 corporations that conduct harness horse race meetings. The State  
5 Harness Racing Commission shall allocate the moneys to these  
6 championship final races in an equal amount for each sex, age  
7 and gait for two- and three-year-old trotters and pacers. The  
8 State Harness Racing Commission shall determine conditions  
9 establishing eligibility to these final events. No pari-mutuel  
10 harness track shall be awarded more than 50% of the championship  
11 final races in any calendar year. The State Harness Racing  
12 Commission shall schedule these final events so as to evenly  
13 alternate classes at each race track each year. After the  
14 allocation for the championship final races has been determined,  
15 the remaining funds to be distributed to licensed corporations  
16 that conduct harness horse race meetings shall be divided  
17 equally among the licensed corporations. Each licensed  
18 corporation shall divide the funds received equally for each of:

19 (1) four two-year-old races; one pace for colts, one  
20 pace for fillies, one trot for colts and one trot for  
21 fillies; and

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

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

28 (d) Entry for these races shall be limited to harness horses  
29 which were sired by a standardbred stallion regularly standing  
30 in Pennsylvania and each race shall be designated a Pennsylvania

1 sire stakes race. The State Harness Racing Commission shall make  
2 the provisions and regulations as it shall deem necessary for  
3 the proper administration of the entry restriction.

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

29 (f) The fund moneys remaining following disbursements as  
30 directed in subsections (b), (c), (d) and (e) shall, except as

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

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

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

17 Section 225.1. Fair Fund proceeds.

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

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

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

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

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

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

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

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

1 of age to wager at a race meeting conducted by it. No licensed  
2 corporation shall permit any person who is under 18 years of age  
3 to attend a horse race meeting conducted by it unless the person  
4 is accompanied by a parent or guardian. This section shall not  
5 be construed to prohibit persons under 18 years of age, who are  
6 legally employed, from being upon the race track premises for  
7 the sole purpose of engaging in the performance of their duties  
8 as employees. The commissions shall, by rule, provide for  
9 enforcement of this section.

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

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

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

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

26 Section 230. State harness racing veterinarians.

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

1 State Harness Racing Commission shall have the authority to  
2 employ other individuals as shall be necessary to carry out the  
3 responsibilities under this section.

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

8 Section 231. Free passes, cards or badges.

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

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

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

1 free passes, cards or badges are issued shall be filed with the  
2 appropriate commission.

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

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

13 Section 233. Monitoring of wagering on video screens.

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

1 screen in each wagering division shall display the amount of  
2 money wagered on each horse involved in any trifecta pool.  
3 Section 234. Simulcasting.

4 The State Horse Racing Commission and the State Harness  
5 Racing Commission shall only permit intrastate simulcasting of  
6 live racing between two licensed corporations when each  
7 continues to schedule 95% of the total number of horse or  
8 harness racing days scheduled in 1986 at the facility where each  
9 said licensed corporation conducts its horse or harness racing  
10 dates, and when the average number of live horse or harness  
11 races per race day equals 90% of the average number of live  
12 horse or harness races conducted per day in 1985 at the facility  
13 where each said licensed corporation conducts its horse or  
14 harness racing dates, subject to any actions or activities  
15 beyond the control of the licensee: Provided, however, That for  
16 any licensed corporation that was granted a permanent license  
17 for horse racing and operating at a facility where the average  
18 daily handle at the facility at which the licensed corporation  
19 conducts racing dates is less than \$150,000 in any calendar year  
20 after 1985, the State Horse Racing Commission may permit  
21 intrastate simulcasting when the licensed corporation first  
22 schedules a minimum of 50 racing days in the calendar year in  
23 which it wishes to simulcast. A newly licensed corporation  
24 racing at the facility may be permitted to intrastate simulcast  
25 by the State Horse Racing Commission when it first schedules at  
26 least 50 racing dates in the year in which it wishes to  
27 simulcast. If a newly licensed corporation is awarded harness or  
28 horse racing dates after 1987 and races those dates at a horse  
29 or harness racing facility existing in 1987, other than a  
30 facility whose average daily handle is less than \$150,000, the

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

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

1 consented to by the horseman's organization representing a  
2 majority of the owners and trainers at the racetrack where the  
3 racing days are to be scheduled or raced.

4 Section 235. Commingling.

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

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

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

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

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

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

29 (f) The Horsemen's Account shall be audited periodically as  
30 deemed appropriate by the commission. There shall be at least

1 one audit per year. Monthly statements shall be provided to the  
2 designee of the organization which represents a majority of the  
3 owners and trainers racing with the licensed corporation.

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

16 Section 236. Harness racing purse moneys.

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

25 Section 237. Limitations on day and night racing.

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

1 1985 on any comparable type racing day or holiday on which day  
2 racing was not conducted in 1985 unless all presently operating  
3 licensed corporations conducting day racing agree, in writing,  
4 to allow such day racing activities.

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

10 (c) Each appropriate commission shall have the authority to  
11 grant exceptions to this section upon application by a licensed  
12 racing corporation for not more than five racing days per  
13 calendar year with respect to each licensed corporation. The  
14 provisions of this section shall be effective until July 1,  
15 1991.]

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

17 CHAPTER 2-A

18 RACING OVERSIGHT

19 Section 201-A. State HORSE Racing Commission. <--

20 (a) Establishment.--The State HORSE Racing Commission is <--

21 established as an independent administrative commission to A <--

22 COMMISSION WITHIN THE DEPARTMENT OF AGRICULTURE TO INDEPENDENTLY

23 regulate the operations of horse racing and, the conduct of <--

24 pari-mutuel wagering AND THE PROMOTION OF HORSE RACING in this <--

25 Commonwealth in accordance with this act.

26 ~~(b) (Reserved).~~ <--

27 ~~(c) Membership.~~

28 ~~(1) The commission shall consist of five members~~

29 ~~appointed as follows:~~

30 ~~(i) One member appointed by the Governor.~~

1 ~~(ii) One member appointed by the President pro~~  
2 ~~tempore of the Senate.~~

3 ~~(iii) One member appointed by the Minority Leader of~~  
4 ~~the Senate.~~

5 ~~(iv) One member appointed by the Speaker of the~~  
6 ~~House of Representatives.~~

7 ~~(v) One member appointed by the Minority Leader of~~  
8 ~~the House of Representatives.~~

9 ~~(2) The commissioner appointed under paragraph (1)(i)~~  
10 ~~shall hold office for a term of three years and until a~~  
11 ~~successor is qualified. Each commissioner appointed under~~  
12 ~~paragraph (1)(ii), (iii), (iv) and (v) shall hold office for~~  
13 ~~a term of two years and until a successor is qualified. a~~  
14 ~~commissioner appointed under paragraph (1)(i) may not serve~~  
15 ~~more than two three year terms. A commissioner appointed~~  
16 ~~under paragraph (1)(ii), (iii), (iv) and (v) may not serve~~  
17 ~~more than three two year terms. An appointment to fill a~~  
18 ~~vacancy shall by for the remainder of the unexpired term.~~

19 (B) MEMBERSHIP.--THE COMMISSION SHALL CONSIST OF THE

<--

20 FOLLOWING MEMBERS:

21 (1) THREE MEMBERS APPOINTED BY THE GOVERNOR AS FOLLOWS:

22 (I) ONE MEMBER SHALL BE A LICENSED VETERINARIAN.

23 (II) ONE MEMBER SHALL BE SELECTED FROM A LIST OF  
24 RECOMMENDATIONS SUBMITTED TO THE GOVERNOR FROM EACH  
25 STANDARD BRED HORSEMEN'S ORGANIZATION.

26 (III) ONE MEMBER SHALL BE SELECTED FROM A LIST OF  
27 RECOMMENDATIONS SUBMITTED TO THE GOVERNOR FROM EACH  
28 THOROUGHBRED HORSEMEN'S ORGANIZATION.

29 (2) ONE MEMBER APPOINTED BY EACH OF THE FOLLOWING:

30 (I) THE PRESIDENT PRO TEMPORE OF THE SENATE.

1 (II) THE MINORITY LEADER OF THE SENATE.

2 (III) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

3 (IV) THE MINORITY LEADER OF THE HOUSE OF  
4 REPRESENTATIVES.

5 (3) THE SECRETARY OF AGRICULTURE OR THE SECRETARY'S  
6 DESIGNEE.

7 (4) THE CHAIRMAN OF THE PENNSYLVANIA GAMING CONTROL  
8 BOARD OR THE CHAIRMAN'S DESIGNEE.

9 ~~(3)~~ (5) Each appointing authority shall make its <--  
10 appointments within 30 days of the effective date of this  
11 section. Appointments to fill a vacancy shall be made within  
12 10 days of the creation of the vacancy. An appointment shall  
13 not be final until receipt by the appointing authority of a  
14 background investigation of the appointee by the Pennsylvania  
15 State Police, which shall be completed within 30 days of the  
16 appointment. A person who has been convicted in a domestic or  
17 foreign jurisdiction of a felony, infamous crime, gambling  
18 offense or an offense related to fixing horse races or animal  
19 cruelty may not be appointed to the commission.

20 ~~(4)~~ (6) The following shall apply to appointees and, <--  
21 commissioners, EMPLOYEES AND INDEPENDENT CONTRACTORS: <--

22 (i) Each commissioner at the time of appointment  
23 must be at least 25 years of age and must have been a  
24 resident of this Commonwealth for a period of at least  
25 one year immediately preceding appointment. Each  
26 commissioner must remain a resident of this Commonwealth  
27 during the term of membership on the commission.

28 (ii) A person may not be appointed a commissioner if  
29 the person is a public official, EXCEPT COMMISSIONERS <--  
30 APPOINTED UNDER SUBSECTION (B) (3) AND (4), or party

1 officer as defined in 4 Pa.C.S. § 1512 (relating to  
2 financial and employment interests) in this Commonwealth  
3 or any of its political subdivisions.

4 (iii) Each commissioner, employee and independent  
5 contractor of the commission must sign an agreement not  
6 to disclose confidential information.

7 (iv) Except for a commissioner appointed under  
8 paragraph (1)(ii) and (iii), a commissioner, employee or  
9 independent contractor of the commission or other agency  
10 having regulatory authority over horse racing under this  
11 act may not be employed, hold an office or position or be  
12 engaged in an activity which is incompatible with the  
13 position, employment or contract.

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

18 (vi) A commissioner, employee or independent  
19 contractor of the commission may not participate in a  
20 hearing, proceeding or other matter in which the member,  
21 employee or independent contractor, or the immediate  
22 family thereof, has a financial interest in the subject  
23 matter of the hearing or proceeding or other interest  
24 that could be substantially affected by the outcome of  
25 the hearing or proceeding without first fully disclosing  
26 the nature of the interest to the commission and other  
27 persons participating in the hearing or proceeding. The  
28 commission shall determine if the interest is a  
29 disqualifying interest that requires the disqualification  
30 or nonparticipation of A COMMISSIONER, an employee or <--

1 independent contractor. For purposes of this paragraph, <--  
2 the term "immediate family" shall mean a spouse, parent,  
3 brother, sister or child.

4 (vii) At the time of appointment and annually  
5 thereafter, each commissioner shall disclose the  
6 existence of any financial interest in any applicant,  
7 licensed racing entity or licensed facility ENTITY and in <--  
8 an affiliate, intermediary, subsidiary or holding company  
9 thereof held by the member COMMISSIONER or known to be <--  
10 held by a commissioner's immediate family. The disclosure  
11 statement shall be filed with the executive director of <--  
12 the commission EACH DIRECTOR ESTABLISHED UNDER SUBSECTION <--  
13 (D) (2) and with the appointing authority for such member <--  
14 COMMISSIONER and shall be open to inspection by the <--  
15 public at the office of the commission during the normal  
16 business hours of the commission and posted on the  
17 commission's Internet website for the duration of a  
18 commissioner's term and for two years after a  
19 commissioner leaves office. For purposes of this <--  
20 paragraph, the term "immediate family" shall mean a  
21 spouse, parent, brother, sister or child.

22 (viii) Prior to entering into employment or a  
23 contract with the commission and annually thereafter, an  
24 employee or independent contractor must disclose the  
25 existence of any financial interest in any applicant,  
26 licensed racing entity or licensed facility ENTITY and in <--  
27 an affiliate, intermediary, subsidiary or holding company  
28 thereof owned or held by the employee or independent  
29 contractor or known to be held by the immediate family of  
30 the employee or independent contractor. The disclosure

1 statement shall be filed with the commission and shall be  
2 open to inspection by the public at the office of the  
3 commission during the normal business hours of the  
4 commission and posted on the commission's Internet  
5 website for the duration of the employment or contract  
6 and for two years after termination of employment or a  
7 contract with the commission. For purposes of this <--  
8 paragraph, the term "immediate family" shall mean a  
9 spouse, parent, brother, sister or child.

10 (ix) A commissioner or employee of the commission  
11 may not directly or indirectly solicit, request, suggest  
12 or recommend to any applicant, licensed racing entity, or  
13 an affiliate, intermediary, subsidiary or holding company  
14 thereof or to an employee or agent thereof, the  
15 appointment or employment of any person in any capacity  
16 by the applicant, licensed racing entity or an affiliate,  
17 intermediary, subsidiary or holding company thereof  
18 during the term of office or employment with the  
19 commission.

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

27 (xi) A former commissioner may not appear before the  
28 commission in any hearing or proceeding or participate in  
29 any other activity on behalf of any applicant for a horse  
30 racing license, a licensed racing entity, or an

1 affiliate, intermediary, subsidiary or holding company of  
2 an applicant or licensed racing entity for a period of  
3 two years from the termination of term of office.

4 (xii) A commissioner or employee of the commission  
5 may not accept a complimentary service, and except for a <--  
6 commissioner appointed under paragraph (1)(ii) and (iii)  
7 place a wager or be paid any prize from any wager on a  
8 horse race at a racetrack or nonprimary location within  
9 this Commonwealth or at any other racetrack or nonprimary  
10 location outside this Commonwealth which is owned or  
11 operated by a licensed racing entity or any of its  
12 affiliates, intermediaries, subsidiaries or holding  
13 companies for the duration of the commissioner's or  
14 employee's term of office or employment. NOTHING IN THIS <--  
15 SECTION SHALL BE CONSTRUED TO PROHIBIT A COMMISSIONER  
16 APPOINTED UNDER PARAGRAPH (1)(II) AND (III) FROM BEING  
17 AWARDED A PURSE OR BREEDERS' AWARD FOR THE COMMISSIONER'S  
18 PARTICIPATION IN HORSE RACING.

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

26 (xiv) The following shall apply to an employee of  
27 the commission whose duties substantially involve  
28 licensing, enforcement, development of law, promulgation  
29 of regulations or development of policy, relating to  
30 horse racing under this act or who has other

1 discretionary authority which may affect or influence the  
2 outcome of an action, proceeding or decision under this  
3 act, including the director of a bureau:

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

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

18 (xv) Nothing under subparagraph (xiv) shall prevent  
19 a current or former employee of the commission from  
20 appearing before the commission in a hearing or  
21 proceeding as a witness or testifying as to a fact or  
22 information.

23 (xvi) The State Ethics Commission shall issue a  
24 written determination of whether a person is subject to  
25 subparagraph (xiv) upon the written request of the person  
26 or the person's employer or potential employer. A person  
27 that relies in good faith on a determination issued under  
28 this paragraph shall not be subject to any penalty for an  
29 action taken, if all material facts set forth in the  
30 request for the determination are correct.

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

20           (xviii) A commissioner may not solicit, request,  
21 suggest or recommend the employment by the commission of: <--

22           ~~(A) an individual related to the commissioner~~  
23 ~~within the second degree of consanguinity as provided~~  
24 ~~in 23 Pa.C.S. § 1304(e) (relating to restrictions on~~  
25 ~~issuance of license); or~~

26           ~~(B) the spouse of the individual. AN IMMEDIATE~~ <--  
27 ~~FAMILY MEMBER.~~

28           (xix) If a commissioner violates any provision of  
29 this section, the appointing authority may remove the  
30 person from the commission. A commissioner removed under

1 this paragraph shall, for a period of five years  
2 following removal, be prohibited from future appointment  
3 to the commission and shall be prohibited from applying  
4 for a license, permit or other authorization under this  
5 act and from becoming an independent contractor with the  
6 commission or registering as a licensed racing entity  
7 representative.

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

13 ~~(5)~~ (7) The commissioner or employee of the commission <--  
14 shall serve as a fiduciary of the Commonwealth.

15 ~~(6)~~ (8) Commissioners shall exercise the standard of <--  
16 care required by 20 Pa.C.S. Ch. 73 (relating to  
17 municipalities investments) in the performance of their  
18 duties under this act.

19 ~~(7)~~ (9) A commissioner shall not be personally liable <--  
20 for any of the following:

21 (i) Obligations of the commission.

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

24 (B.1) INITIAL APPOINTMENTS TO COMMISSION.-- <--

25 (1) GUBERNATORIAL APPOINTEES INITIALLY APPOINTED UNDER  
26 SUBSECTION (B) (1) SHALL SERVE AN INITIAL TERM OF ONE, TWO AND  
27 THREE YEARS RESPECTIVELY AS DESIGNATED BY THE GOVERNOR AT THE  
28 TIME OF APPOINTMENT AND UNTIL THEIR SUCCESSORS ARE APPOINTED  
29 AND QUALIFIED.

30 (2) AN APPOINTMENT TO FILL A VACANCY CREATED BY A

1 COMMISSIONER APPOINTED IN ACCORDANCE WITH PARAGRAPH (1) SHALL  
2 BE FOR THE REMAINDER OF THE UNEXPIRED TERM.

3 (B.2) TERMS OF OFFICE.--UPON THE EXPIRATION OF A TERM OF A  
4 MEMBER APPOINTED UNDER SUBSECTIONS (B) AND (B.1), THE FOLLOWING  
5 SHALL APPLY:

6 (1) THE TERM OF OFFICE OF A GUBERNATORIAL APPOINTEE  
7 SHALL BE THREE YEARS AND UNTIL A SUCCESSOR IS APPOINTED AND  
8 QUALIFIED.

9 (2) THE TERM OF OFFICE OF A LEGISLATIVE APPOINTEE SHALL  
10 BE TWO YEARS AND UNTIL A SUCCESSOR IS APPOINTED AND  
11 QUALIFIED.

12 (3) A LEGISLATIVE APPOINTEE SHALL SERVE NO MORE THAN  
13 THREE FULL CONSECUTIVE TERMS.

14 (4) A GUBERNATORIAL APPOINTEE SHALL SERVE NO MORE THAN  
15 TWO FULL CONSECUTIVE TERMS.

16 (5) AN APPOINTMENT TO FILL A VACANCY SHALL BE FOR THE  
17 REMAINDER OF THE UNEXPIRED TERM.

18 (6) A COMMISSIONER APPOINTED TO FILL A VACANCY UNDER  
19 PARAGRAPH (3) MAY SERVE THREE FULL TERMS FOLLOWING THE  
20 EXPIRATION OF THE TERM RELATED TO THE VACANCY.

21 (7) A COMMISSIONER APPOINTED TO FILL A VACANCY UNDER  
22 PARAGRAPH (4) MAY SERVE TWO FULL TERMS FOLLOWING THE  
23 EXPIRATION OF THE TERM RELATED TO THE VACANCY.

24 ~~(e.1)~~ (C) Chairperson.--The governor shall appoint the <--  
25 chairperson of the commission.

26 ~~(e.2)~~ (C.1) Compensation.--Commissioners shall be reimbursed <--  
27 for documented expenses incurred in the performance of their

28 official duties. ~~Commissioners~~ EXCEPT FOR COMMISSIONERS <--  
29 APPOINTED UNDER SUBSECTION (B) (3) AND (4), COMMISSIONERS shall

30 be paid \$300 per diem for performing their duties.

1 ~~(c.3)~~ (C.2) Meetings.--The commission shall meet at least <--  
2 once a month and at other times as the commission chairperson  
3 deems necessary. Public notice of the time and place of meetings  
4 of the commission shall be given in accordance with 65 Pa.C.S.  
5 Ch. 7 (relating to open meetings).

6 ~~(c.4)~~ Employees. Commission employees shall be considered <--  
7 State employees for purposes of 71 Pa.C.S. Pt. XXV (relating to  
8 retirement for State employees and officers).

9 ~~(c.5)~~ Legal counsel. Legal counsel for the commission shall  
10 be appointed in accordance with the act of October 15, 1980  
11 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

12 ~~(c.6)~~ Employee classification. The commission shall be  
13 subject to the provisions of the act of April 9, 1929 (P.L.177,  
14 No.175), known as The Administrative Code of 1929, as to  
15 classification and compensation for all its employees.

16 ~~(c.7)~~ Administrative staff and facilities. The Department  
17 of Agriculture shall provide administrative services,  
18 administrative staff and facilities to the commission. The  
19 commission shall execute a memorandum of understanding with the  
20 Department of Agriculture for purposes of establishing a  
21 schedule of reimbursement for the actual cost of providing  
22 administrative services, administrative staff and facilities.  
23 Reimbursements shall be paid from the State Racing Fund and  
24 shall be limited to actual costs, including salaries and  
25 benefits, and expenses of the employee providing the service.  
26 The Department of Agriculture shall retain records regarding any  
27 administrative service provided to the commission by a  
28 departmental employee.

29 ~~(c.8)~~ Applicability of other acts.

30 ~~(1)~~ The following acts shall apply to the commission:

1 ~~(i) The act of July 19, 1957 (P.L.1017, No.451),~~  
2 ~~known as the State Adverse Interest Act.~~

3 ~~(ii) The act of February 14, 2008 (P.L.6, No.3),~~  
4 ~~known as the Right to Know Law.~~

5 ~~(iii) The provisions of 65 Pa.C.S. Chs. 7 (relating~~  
6 ~~to open meetings) and 11 (relating to ethics standards~~  
7 ~~and financial disclosure).~~

8 ~~(2) The commission shall be considered an independent~~  
9 ~~agency for the purposes of 62 Pa.C.S. Pt. I (relating to~~  
10 ~~Commonwealth procurement code). The expediting of payment of~~  
11 ~~revenue to the Commonwealth shall not be grounds for an~~  
12 ~~emergency procurement by the commission.~~

13 ~~(3) The commission shall be considered an agency for the~~  
14 ~~purposes of:~~

15 ~~(i) The act of July 31, 1968 (P.L.769, No.240),~~  
16 ~~referred to as the Commonwealth Documents Law.~~

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

19 ~~(d) Office of Horse Racing.--There is hereby established~~  
20 ~~within the commission an Office of Horse Racing.~~

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

22 ~~(i) The Bureau of Thoroughbred Horse Racing shall~~  
23 ~~have oversight over the conduct of thoroughbred horse~~  
24 ~~racing in this Commonwealth.~~

25 ~~(ii) The Bureau of Standardbred Horse Racing shall~~  
26 ~~have oversight over the conduct of standardbred horse~~  
27 ~~racing in this Commonwealth.~~

28 ~~(2) The COMMISSION BY A SUPER MAJORITY VOTE SHALL SELECT <--~~  
29 ~~AND EMPLOY AN INDEPENDENT DIRECTOR OF THE Bureau of~~  
30 ~~Thoroughbred Horse Racing and the Bureau of Standardbred~~

1 Horse Racing shall each have a director and staff necessary <--  
2 to carry out the provisions of this act. TO SERVE AND REPORT <--  
3 TO THE COMMISSION. THE DIRECTORS OF EACH BUREAU SHALL NOT BE  
4 SUPERVISED BY THE DEPARTMENT OF AGRICULTURE. THE COMMISSION  
5 SHALL ASSIGN THE DIRECTORS DUTIES AND RESPONSIBILITIES AS  
6 REQUIRED TO FULFILL THE COMMISSION'S OBLIGATIONS UNDER THIS  
7 OR ANY OTHER ACT. The director of each bureau established in  
8 this section must meet any of the following requirements:

9 (i) Has been certified as a racing official.

10 (ii) ~~Have~~ HAS at least five years' experience in the <--  
11 management of a licensed racing entity OR EQUIVALENT <--  
12 RACING EXPERIENCE.

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

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

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

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

28 (iv) Inspect and examine licensed racing entities.

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

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

5                   (v) Refer possible criminal violation to law  
6                   enforcement.

7                   (vi) Cooperate in the investigation and prosecution  
8                   of any criminal violation.

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

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

13                   (2) A licensed person engaged in pari-mutuel horse  
14 racing activities.

15                   (3) Out-of-competition drug testing, which shall include  
16 the random drug testing of all horses entered in a race,  
17 stabled on the grounds or shipped into a licensed racing  
18 entity's facility.

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

20 (f) Voting.--

21                   (1) Except as provided under paragraphs (2) and (3), any  
22 action, including the approval, issuance, denial or  
23 conditioning of a horse racing license by the commission, the  
24 making of any order or the ratification of a permissible act  
25 done or order made by one or more commissioners shall require  
26 a supermajority vote consisting of ~~four of five~~ SIX OF NINE <--  
27 commissioners.

28                   (2) Any action to suspend, revoke, not renew, void or  
29 require forfeiture of a AN OCCUPATIONAL license or permit <--  
30 issued under this act, to impose an administrative fine or

1 penalty or to issue cease and desist orders or similar  
2 enforcement actions shall require a majority vote of all  
3 commissioners.

4 (3) Notwithstanding any other provision of this act or  
5 65 Pa.C.S. § 1103(j) (relating to restricted activities), a  
6 commissioner must disclose the nature of his disqualifying  
7 interest, disqualify himself and abstain from voting in any  
8 hearing or proceeding in which the commissioner's  
9 objectivity, impartiality, integrity or independence of  
10 judgment may be reasonably questioned. If a commissioner has  
11 disqualified himself, the supermajority vote shall consist of  
12 all of the remaining commissioners.

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

15 (1) All documents provided to or filed with the  
16 commission relating to the regulation of horse racing and  
17 pari-mutuel wagering under this act. Documents may be  
18 designated as confidential in accordance with commission  
19 policy.

20 (2) A docket setting forth the names of all stockholders  
21 in a licensed racing entity. The docket shall be available  
22 for public inspection during normal business hours of the  
23 commission.

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

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

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

28 (1) All rules and regulations promulgated under the  
29 former act of December 11, 1967 (P.L.707, No.331), referred  
30 to as the Pennsylvania Thoroughbred Horse Racing Law, or the

1 former act of December 22, 1959 (P.L.1978, No.728), referred  
2 to as the Pennsylvania Harness Racing Law, shall remain in  
3 effect except to the extent that they are in direct conflict  
4 with this act. The commission may adopt, amend, revise or  
5 alter the rules and regulations as the commission deems  
6 necessary.

7 (2) The commission shall promulgate rules and  
8 regulations necessary for the administration and enforcement  
9 of this act. Except as provided in paragraph (3), regulations  
10 shall be promulgated in accordance with law.

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

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

18 (ii) The Regulatory Review Act.

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

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

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

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

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

4 (k) Report of commission.--~~Eighteen~~ TWELVE months after the <--  
5 effective date of this section and every year on that date  
6 thereafter, the commission shall issue a report to the Governor  
7 and each member of the General Assembly on the general operation  
8 of the commission and each licensee's performance, including  
9 number and win per race and total gross revenue at each facility  
10 of a licensed racing entity during the previous year, all taxes,  
11 fees, fines and other revenues collected and, where appropriate,  
12 disbursed, the costs of operation of the commission, all  
13 hearings conducted and the results of the hearings and other  
14 information that the commission deems necessary and appropriate.

15 (l) Record of proceedings.--The commission shall cause to be  
16 made and kept a record of all proceedings held at public  
17 meetings of the commission. The verbatim transcript of those  
18 proceedings shall be the property of the commission and shall be  
19 prepared by the commission upon the request of any commissioner  
20 or upon the request of any other person and the payment by that  
21 person of the costs of preparation.

22 (m) Public records.--Beginning 30 days after the effective  
23 date of this section, the commission shall post, within 45 days  
24 after the end of each month on its Internet website, a list of  
25 all the itemized expenses of employees and commissioners for  
26 that month that were or are to be reimbursed from the State  
27 Racing Fund. The list shall identify the nature of the expense,  
28 the employee, member or the agency and employee of the agency to  
29 which an expense is attributable. By October 1 of each year, a  
30 final report of all expenses described in this subsection for

1 the preceding fiscal year shall be posted on the commission's  
2 Internet website and shall be submitted to the Appropriations  
3 Committee of the Senate, the Agriculture and Rural Affairs  
4 Committee of the Senate, the Appropriations Committee of the  
5 House of Representatives and the Agriculture and Rural Affairs  
6 Committee of the House of Representatives. Information posted on  
7 the Internet website pursuant to this subsection shall be  
8 financial records for the purposes of and subject to redaction  
9 under the Right-to-Know Law.

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

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

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

17 (2) The commission shall require applicants under this  
18 act to submit to fingerprinting and photographing by the  
19 Pennsylvania State Police or by a local law enforcement  
20 agency capable of submitting fingerprints and photographs  
21 electronically to the Pennsylvania State Police utilizing the  
22 Integrated Automated Fingerprint Identification System and  
23 the Commonwealth Photo Imaging Network or in a manner  
24 provided by the Pennsylvania State Police. The Pennsylvania  
25 State Police shall submit fingerprints to the Federal Bureau  
26 of Investigation to verify the identity of applicants and to  
27 obtain criminal records. The commission shall consider  
28 information obtained pursuant to this paragraph for the  
29 purpose of screening applicants for fitness for licensure in  
30 accordance with the provisions of this act. National criminal

1 history record information received by the commission shall  
2 be handled and maintained in accordance with Federal Bureau  
3 of Investigation policy. Fingerprints and photographs  
4 obtained under this paragraph may be maintained by the  
5 commission and the Pennsylvania State Police to enforce this  
6 act and for general law enforcement purposes. In addition to  
7 any other fee or cost assessed by the commission, an  
8 applicant shall pay for the cost of fingerprinting and  
9 photographing. The commission may exempt certain categories  
10 of employment from this paragraph.

11 (3) Two years following the effective date of this  
12 section, the commission may adopt regulations to annually  
13 increase any fee, charge or cost authorized under this act.

14 (4) The commission or designated employee of the  
15 commission shall have the power to administer oaths and  
16 examine witnesses and may issue subpoenas to compel  
17 attendance of witnesses and production of all relevant and  
18 material reports, books, papers, documents, correspondence  
19 and other evidence related to regulation and enforcement of  
20 horse racing under this act.

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

1           (6) The commission may enter into interstate compacts  
2 with other racing jurisdictions to establish:

3           (i) uniform drug threshold levels;

4           (ii) consistent sanctions for drug testing  
5 violations; and

6           (iii) a system to monitor advanced deposit wagering  
7 and online wagering company activities.

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

11           (8) The commission shall ensure DIRECT AND OVERSEE that <--  
12 each licensed racing entity's racetrack surface is maintained  
13 in such a way as to maximize the safety of the horse, rider <--  
14 JOCKEY or driver. The commission may develop guidelines to <--  
15 carry out this paragraph.

16 Section 203-A. Budget.

17 The commission shall annually submit an itemized proposed <--  
18 budget to the Office of the Budget and the chairman and minority  
19 chairman of the Appropriations Committee of the Senate and the  
20 chairman and minority chairman of the Appropriations Committee  
21 of the House of Representatives consisting of amounts to be  
22 appropriated from the State Racing Fund, the Pennsylvania Race  
23 Horse Development Fund or the General Fund to administer and  
24 enforce this act.

25 THE COMMISSION SHALL ANNUALLY SUBMIT A BUDGET REQUEST TO THE <--  
26 SECRETARY OF THE BUDGET IN ACCORDANCE WITH THE PROVISIONS  
27 CONTAINED IN SECTION 610 OF THE ACT OF APRIL 9, 1929 (P.L.177,  
28 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, CONSISTING OF  
29 AMOUNTS TO BE APPROPRIATED FROM THE STATE RACING FUND, THE  
30 PENNSYLVANIA RACE HORSE DEVELOPMENT FUND OR THE GENERAL FUND TO

1 ADMINISTER AND ENFORCE THIS ACT AND FOR THE PROMOTION OF HORSE  
2 RACING. THE COMMISSION SHALL TRANSMIT A COPY OF ITS BUDGET  
3 REQUEST CONCURRENTLY TO THE CHAIRMAN AND MINORITY CHAIRMAN OF  
4 THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIRMAN AND  
5 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE  
6 OF REPRESENTATIVES.

7 Section 204-A. Location.

8 After January 1, 2017, a licensed racing entity ~~that holds a~~ <--  
9 ~~license issued under this act~~ shall conduct a horse race meeting  
10 at the location designated and approved by the commission.

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

12 (a) Standardbred horse racing.--No more than six persons  
13 shall be licensed to conduct a pari-mutuel meet. No person  
14 licensed under this act to conduct standardbred horse racing  
15 with pari-mutuel wagering shall be licensed to conduct  
16 thoroughbred horse racing with pari-mutuel wagering.

17 (b) Thoroughbred horse racing.--No more than five persons  
18 shall be licensed by the commission to conduct pari-mutuel  
19 wagering. No person licensed under this act to conduct  
20 thoroughbred horse racing with pari-mutuel wagering shall be  
21 licensed to conduct standardbred horse racing with pari-mutuel  
22 wagering.

23 Section 206-A. Department of Revenue.

24 The Department of Revenue shall provide financial  
25 administration of pari-mutuel wagering under this act in  
26 accordance with Department of Revenue regulations and  
27 regulations of the commission. The Department of Revenue shall  
28 prescribe the form and system of accounting to be used by  
29 licensed racing entities, and may access and examine records,  
30 equipment and other information relating to pari-mutuel

1 wagering.

2 Section 207-A. Allocation of racing days.

3 (a) General rule.--

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

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

8 (a) (2) and (b) may be waived or modified by the commission if

9 the waiver or modification has been agreed to by the

10 horseman's organization representing a majority of horse <--

11 owners and trainers AND THE LICENSED ENTITY at the racetrack <--

12 where the racing days are to be scheduled or raced.

13 (3) The provisions of 4 Pa.C.S. § 1303(d) shall not

14 apply if the reason for noncompliance with that section by a

15 licensed racing entity is the cancellation of racing days due

16 to the commission's inability to properly regulate and

17 oversee the conduct of horse racing in this Commonwealth due

18 to inadequate funding.

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

20 Secretary of Revenue the approved number of racing days for each

21 licensed racing entity, including the following information:

22 (1) the names and addresses of the licensed racing  
23 entity;

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

26 (3) any other information the commission deems  
27 appropriate.

28 (c) Cancellation.--

29 (1) If a racing day is canceled by a licensed racing

30 entity for reasons beyond the licensed racing entity's

1 control, the commission shall grant the licensed racing  
2 entity the right to conduct that racing day in the same or  
3 the next ensuing calendar year, if schedules permit.

4 (2) A director of a bureau established under section  
5 201-A, after consultation with the licensed racing entity and  
6 the horseman's organization ~~representing a majority of horse~~ <--  
7 owners and trainers at the racetrack, may cancel a race if it  
8 is determined that fewer than six horses have entered the  
9 race.

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

11 (a) Procedure and terms.--

12 (1) After January 1, 2017, a person seeking a license to  
13 conduct horse race meetings at which pari-mutuel wagering is  
14 permitted or seeking to renew the license, shall file an  
15 application or renewal application with the commission in the  
16 manner prescribed by the commission.

17 (2) A licensed racing entity shall have the privilege to  
18 conduct a horse race meeting at which pari-mutuel wagering is  
19 permitted. A license to conduct a horse race meeting shall  
20 not be a property right.

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

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

28 (b) Conditions.--Each horse racing license shall be issued  
29 upon the following conditions:

30 (1) A horse race meeting at which pari-mutuel wagering

1 is conducted shall be regulated by the commission.

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

4 (3) The licensed racing entity shall print in its racing  
5 programs the procedure for filing a complaint with the  
6 commission.

7 (c) Applications.--Applications to conduct horse racing RACE <--  
8 MEETINGS shall be in the form prescribed by the commission and  
9 shall contain information as the commission may require.

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

11 (1) The commission shall be prohibited from issuing a  
12 license to conduct horse racing RACE MEETING to an individual <--  
13 or applicant or an owner, officer, director or manager of the  
14 applicant who has been convicted of:

15 (i) A felony in any jurisdiction.

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

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

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

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

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

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

7           (ii) The nature and seriousness of the offense or  
8 conduct.

9           (iii) The circumstances under which the offense or  
10 conduct occurred.

11           (iv) The age of the applicant when the offense or  
12 conduct occurred.

13           (v) Whether the offense or conduct was an isolated  
14 or a repeated incident.

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

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

23           (i) inconsistent with the public interest or best  
24 interests of horse racing;

25           (ii) interfering with the effective regulation of  
26 horse racing; or

27           (iii) creating or enhancing the danger of  
28 unsuitable, unfair or illegal practices, methods or  
29 activities in the conduct of horse racing.

30       (e) Denial, suspension or revocation.--The commission may

1 deny an application for a license or revoke, suspend or fail to  
2 renew the license of any applicant or licensed racing entity, if  
3 the commission finds by a preponderance of the evidence that:

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

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

11 (ii) Has been convicted of a violation or attempt to  
12 violate a horse racing law, rule or regulation of a horse  
13 racing jurisdiction.

14 (iii) Has furnished the commission with false or  
15 misleading information relating to the application or  
16 license renewal.

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

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

24 (4) The commission determines that the licensed racing  
25 entity has failed to properly maintain its racetrack and  
26 racetrack enclosure in good condition pursuant to this act or  
27 to provide adequate capital improvements to the racetrack and  
28 racetrack enclosure as required under this act and 4 Pa.C.S.  
29 § 1404 (relating to distributions from licensee's revenue  
30 receipts).

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

7       (f) Cessation.--If a revocation or failure to renew a  
8 license under subsection (e) occurs, the licensee's  
9 authorization to conduct previously approved activity shall  
10 immediately cease. In the case of a suspension, the licensee's  
11 authorization to conduct previously approved activity shall  
12 immediately cease until the commission has notified the licensee  
13 that the suspension is no longer in effect.

14       (g) Renewal.--A license shall be renewed every three years  
15 and ~~may~~, EXCEPT AS PROVIDED FOR UNDER SUBSECTION (A)(4), SHALL <--  
16 not be transferred.

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

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

24 Section 209-A. Code of conduct.

25       (a) Scope.--The commission shall adopt a comprehensive code  
26 of conduct prior to the consideration of any license, permit or  
27 registration application. The code of conduct shall supplement  
28 all other requirements under this part and 65 Pa.C.S. Pt. II  
29 (relating to accountability) and shall provide guidelines  
30 applicable to ~~members~~ COMMISSIONERS, employees of the <--

1 commission, independent contractors and the immediate family of  
2 the ~~members~~ COMMISSIONERS, employees and independent contractors <--  
3 to enable them to avoid any perceived or actual conflict of  
4 interest and to promote public confidence in the integrity and  
5 impartiality of the commission. At a minimum, the code of  
6 conduct adopted under this section shall include registration of  
7 licensed entity representatives under subsection (b) and the  
8 restrictions under subsections (c) and (d).

9 (b) Registration.--

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

16 (2) A licensed entity representative shall have an  
17 affirmative duty to update its registration information on an  
18 ongoing basis, and failure to do so shall be punishable by  
19 the commission.

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

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

27 (1) Not accept any discount, gift, gratuity,  
28 compensation, travel, lodging or other thing of value,  
29 directly or indirectly, from any applicant, licensed racing  
30 entity, affiliate, subsidiary or intermediary of an applicant

1 or a licensed racing entity, permittee, registrant or  
2 licensed entity representative.

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

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

13 (4) Not hold or campaign for public office, hold an  
14 office in any political party or political committee, as  
15 defined in 4 Pa.C.S. § 1513(d) (relating to political  
16 influence), contribute to or solicit contributions to a  
17 political campaign, political party, political committee or  
18 candidate, publicly endorse a candidate or actively  
19 participate in a political campaign.

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

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

25 (d) Ex parte communications.--

26 (1) A commissioner ~~or hearing officer~~ may not engage in <--  
27 any ex parte communication with any person.

28 (2) If a commissioner ~~or hearing officer~~ received or <--  
29 engaged in an ex parte communication, a commissioner or  
30 hearing officer shall inform the director of the appropriate

1 bureau who shall notify all parties directly affected by the  
2 anticipated vote or action of the commissioner or hearing  
3 officer related to the ex parte communication of the  
4 substance of the communication and provide the parties with  
5 an opportunity to respond.

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

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

18 (5) If a commissioner disqualifies himself under this  
19 subsection, a supermajority vote under this act shall consist  
20 of the remaining commissioners.

21 ~~(6) Failure of a hearing officer who received or engaged~~ <--  
22 ~~in an ex parte communication to disqualify himself under this~~  
23 ~~subsection shall be grounds for appeal to the commission.~~

24 ~~(7) (6) Failure of a commissioner who received or~~ <--  
25 ~~engaged in an ex parte communication to disqualify himself~~  
26 ~~under this subsection shall be grounds for appeal to a court~~  
27 ~~of competent jurisdiction if the commission action being~~  
28 ~~appealed could not have occurred without the participation of~~  
29 ~~the commissioner.~~

30 ~~(8) (7) This subsection shall not preclude a~~ <--

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

6 Section 210-A. Financial and employment interests.

7 No owner, officer, manager or employee of an applicant or  
8 licensed racing entity or their immediate family shall accept  
9 gifts from breeders, owners, trainers or other individuals who  
10 participate in the conduct of horse racing in this Commonwealth.  
11 For purposes of this section, the term "immediate family" shall <--  
12 mean spouse, parent, brother, sister or child.

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

14 The commission shall approve and assign all qualified judges  
15 and starters for horse race meetings. For standardbred horse  
16 race meetings, no person shall be approved or assigned as a  
17 judge or starter unless the person is licensed by the United  
18 States Trotting Association as a duly qualified pari-mutuel race  
19 meeting official. All officials shall enforce the law and shall  
20 provide written reports of the activities and conduct of horse  
21 race meetings to the commission. The compensation of these  
22 officials shall be paid by the COMMISSION AND REIMBURSED BY THE <--  
23 licensed racing entities.

24 Section 212-A. (Reserved).

25 Section 213-A. ~~Licenses~~ OCCUPATIONAL LICENSES for individuals. <--

26 (a) General rule.--The commission shall develop a licensing,  
27 permitting or other classification system for the regulation of  
28 vendors, trainers, jockeys, drivers, horseman's organizations,  
29 horse owners, backside area employees and other individuals  
30 participating in horse racing and all other persons required to

1 be licensed or permitted as determined by the commission. The  
2 license shall not be a property right.

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

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

10 (d) Renewal.--All licenses shall be subject to renewal every  
11 three years. Nothing in this act shall be construed to relieve a  
12 licensee of the affirmative duty to notify the commission of any  
13 changes relating to the status of its license or to any other  
14 information contained in the application materials on file with  
15 the commission. The application for renewal shall be submitted  
16 at least 60 days prior to expiration of the license and shall  
17 include an update of the information contained in the initial  
18 application and any prior renewal applications and the payment  
19 of any renewal fee required by the commission. A license for  
20 which a completed renewal application and fee, if required, has  
21 been received by the commission shall continue in effect unless  
22 and until the commission sends written notification to the  
23 holder of the license that the commission has denied the renewal  
24 of the license.

25 (e) Licenses.--The commission may issue one of the  
26 following:

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

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

1 (f) Processing and issuance.--The commission shall adopt  
2 regulations to fix the manner by which licenses are processed  
3 and issued.

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

5 (1) The commission may not issue a license or permit  
6 under this section to an individual who has been convicted in  
7 a jurisdiction of a felony offense, a misdemeanor gambling  
8 offense or a fraud or misrepresentation in connection with  
9 horse racing or breeding, unless 15 years has passed from the  
10 date of conviction of the offense.

11 (2) Following expiration of a period applicable to an  
12 applicant under paragraph (1), in determining whether to  
13 issue a license or permit to an applicant, the commission  
14 shall consider the following factors:

15 (i) The nature of the applicant's involvement with  
16 horse racing.

17 (ii) The nature and seriousness of the offense or  
18 conduct.

19 (iii) The circumstances under which the offense or  
20 conduct occurred.

21 (iv) The age of the applicant when the offense or  
22 conduct occurred.

23 (v) Whether the offense or conduct was an isolated  
24 or a repeated incident.

25 (vi) Any evidence of rehabilitation, including good  
26 conduct in the community, counseling or psychiatric  
27 treatment received and the recommendations of persons who  
28 have substantial contact with the applicant.

29 (g.1) Denial.--The commission may deny an application for a  
30 license or permit or suspend, revoke or refuse to renew a

1 license or permit issued under this section if it determines  
2 that the applicant, licensee or permittee meets any of the  
3 following:

4 (1) (Reserved).

5 (2) Has been convicted of any violation or attempts to  
6 violate any law, rule or regulation of horse racing in any  
7 jurisdiction.

8 (3) Has been convicted of an offense under 18 Pa.C.S. §  
9 5511 (relating to cruelty to animals).

10 (4) Has violated a rule, regulation or order of the  
11 commission.

12 (5) Has been convicted in any jurisdiction of an offense  
13 related to fixing or rigging horse races, including 18  
14 Pa.C.S. §§ 4109 (relating to rigging publicly exhibited  
15 contest) 7102 (relating to administering drugs to race  
16 horses), or any similar crime in any other jurisdiction,  
17 unless the conviction has been overturned on appeal under the  
18 laws of the jurisdiction of the original finding or a pardon  
19 has been issued.

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

22 (i) Is a person of good character, honesty and  
23 integrity.

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

26 (A) Do not pose a threat to the public interest  
27 or the effective regulation and control of horse  
28 racing.

29 (B) Do not create or enhance the danger of  
30 unsuitable, unfair or illegal practices, methods and

1 activities in the conduct of horse racing or the  
2 carrying on of the business and financial  
3 arrangements incidental to the conduct of horse  
4 racing.

5 (h) Inspection.--The commission shall have the right to  
6 inspect all contracts between licensed racing entities and  
7 vendors for goods and services. The commission shall adopt  
8 regulations to require vendors to disclose all principal owners  
9 and officers and a description of their interests in the  
10 vendors' businesses. Failure to disclose this information shall  
11 constitute grounds to deny, to revoke or to suspend any vendor's  
12 license issued under this act.

13 (i) Revocation or failure to renew.--In the event of a  
14 revocation or failure to renew, the applicant's authorization to  
15 conduct previously approved activity shall immediately cease and  
16 all fees paid in connection therewith shall be deemed to be  
17 forfeited. In the event of a suspension, the applicant's  
18 authorization to conduct the previously approved activity shall  
19 immediately cease until the commission has notified the  
20 applicant that the suspension is no longer in effect.

21 (j) Hearings.--The commission may suspend a license under  
22 subsection (i) pending a hearing on the matter, which must occur  
23 within 10 days of the suspension. THE COMMISSION OR ITS DIRECTOR <--  
24 MAY GRANT A SUPERSEDEAS, IF REQUESTED, PENDING A FINAL  
25 RESOLUTION OF THE MATTER.

26 (k) Reciprocity.--The commission shall not grant licenses to  
27 residents of states that prohibit the grant of licenses to  
28 residents of this Commonwealth on the basis of in-state  
29 preference.

30 (l) Criminal action.--

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

4           (2) In addition to the authority conferred upon the  
5 Attorney General under the act of October 15, 1980 (P.L.950,  
6 No.164), known as the Commonwealth Attorneys Act, the  
7 Attorney General shall have the authority to investigate and,  
8 following consultation with the appropriate district  
9 attorney, to institute criminal proceedings for a violation  
10 of this act. A person charged with a violation of this act by  
11 the Attorney General shall not have standing to challenge the  
12 authority of the Attorney General to investigate or prosecute  
13 the case, and, if any such challenge is made, the challenge  
14 shall be dismissed and no relief shall be available in the  
15 courts of this Commonwealth to the person making the  
16 challenge.

17       (m) Regulatory action.--Nothing contained in subsection (l)  
18 shall be construed to limit the existing regulatory or  
19 investigative authority of an agency or the Commonwealth whose  
20 functions relate to persons or matters within the scope of this  
21 part.

22       (n) Inspection, seizure and warrants.--

23           (1) The commission, the Attorney General and the  
24 Pennsylvania State Police shall have the authority without  
25 notice and without warrant to do all of the following in the  
26 performance of their duties:

27           (i) Inspect and examine all premises where horse  
28 racing is conducted, or where records of these activities  
29 are prepared or maintained.

30           (ii) Inspect all equipment and supplies in, about,

1 upon or around premises referred to in subparagraph (i).

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

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

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

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

12 (3) To further effectuate the purposes of this chapter,  
13 the commission and the Pennsylvania State Police may obtain  
14 administrative warrants for the inspection and seizure of  
15 property possessed, controlled, bailed or otherwise held by  
16 an applicant, licensee, permittee, intermediary, subsidiary,  
17 affiliate or holding company.

18 Section 214-A. Providers.

19 Beginning at the renewal of an existing contract or execution  
20 of a new contract, a person that provides totalisator services  
21 to a licensed ~~person~~ RACING ENTITY located in this Commonwealth <--  
22 shall be licensed by the commission and remit an annual license  
23 fee not to exceed \$100,000. The license fee shall be deposited  
24 in the State Racing Fund. The provider shall submit information  
25 on operating systems and procedures as required by the  
26 commission.

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

28 (a) General rule.--The commission may impose administrative  
29 fines upon any licensed or unlicensed racing entity, association  
30 or person participating in horse racing at which pari-mutuel

1 wagering is conducted, other than as a patron, for a violation  
2 of any provision of this act or rule or regulation of the  
3 commission, not exceeding \$100,000 for each violation. Each day  
4 may be considered a separate violation. Fines shall be deposited  
5 in the State Racing Fund and may be appropriated for the  
6 enforcement of this act.

7 (b) Interests.--

8 (1) No owner, officer or employee of a licensed racing  
9 entity or their immediate family shall have any direct or  
10 indirect interest in a race horse that is participating in a  
11 ~~race at a meet~~ HORSE RACE MEETING at which the person or <--  
12 relative listed under this paragraph holds any interest in  
13 the licensed racing entity conducting the ~~meet~~ HORSE RACE <--  
14 MEETING or in the racetrack facility. ~~For the purposes of~~ <--  
15 ~~this paragraph, the term "immediate family" shall mean~~  
16 ~~spouse, parent, brother, sister or child.~~

17 (2) The commission shall impose a fine upon any person  
18 for a violation of this subsection in accordance with  
19 subsection (a).

20 Section 216-A. Admission to racetrack.

21 (a) Power of licensed racing entity.--Except as provided in  
22 subsection (b), a licensed racing entity may refuse admission to  
23 and eject from the RACETRACK enclosure ~~of the racetrack~~ operated <--  
24 by the licensed racing entity, any person licensed by the  
25 commission under this act and employed at an occupation at the  
26 racetrack if the person's presence is deemed detrimental to the  
27 best interests of horse racing and after citing the reasons for  
28 the determination. The action of the licensed racing entity, if  
29 refusing the person admission to or ejecting the person from a  
30 race meeting ground or RACETRACK enclosure, shall have immediate <--

1 effect. The person refused admission or ejected shall receive a  
2 hearing before the commission, if requested, pursuant to rules  
3 and regulations adopted for that purpose by the commission and a  
4 decision rendered following that hearing.

5 (b) Admission.--A licensed racing entity may not refuse  
6 admission to or eject a law enforcement official, commission  
7 member or employee or employee of the Department of Revenue  
8 while the official is engaged in the performance of the  
9 individual's official duties.

10 Section 217-A. Security personnel.

11 (a) General rule.--The commission shall require licensed  
12 racing entities to employ persons as security. Designated  
13 security personnel:

14 (1) Shall refer possible violations of the criminal laws  
15 of this Commonwealth within the racetrack or enclosure to law  
16 enforcement.

17 (2) May interrogate, eject or exclude from the racetrack  
18 or enclosure any persons suspected of violating a rule or  
19 regulation promulgated by the commission in accordance with  
20 section 216-A, or any person whose presence this is, in the  
21 judgment of the ~~commission~~ LICENSED RACING ENTITY, <--  
22 inconsistent with orderly or proper conduct of a HORSE race <--  
23 meeting or whose presence or conduct is deemed detrimental to  
24 the best interests of horse racing.

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

29 (b) Penalty.--An individual found within a racetrack or  
30 enclosure after having been ejected therefrom shall, upon

1 conviction, be guilty of a summary offense and be sentenced to  
2 pay a fine of not more than \$500.

3 Section 218.1-A. Interstate simulcasting.

4 The commission may approve the application of a licensed  
5 racing entity to electronically televise simulcasts of horse  
6 races to be operated by the licensed racing entity at the  
7 racetrack enclosure where a horse race is being conducted  
8 during, between, before or after posted races for that racing  
9 day. Each simulcast of horse races from outside this  
10 Commonwealth shall comply with the Interstate Horseracing Act of  
11 1978 (Public Law 95-515, 15 U.S.C. § 3001 et seq.). All forms of  
12 pari-mutuel wagering under section 221-A shall be allowed on  
13 horse races to be televised by simulcasting. The commission  
14 shall promulgate regulations regarding the wagering and the  
15 operation of interstate simulcasting of horse racing. All money  
16 wagered on horse races shall be computed in the amount of money  
17 wagered each racing day for purposes of taxation under section  
18 224-A.

19 Section 219-A. Televised simulcastings.

20 (a) Host licensees.--Upon request by a licensed racing  
21 entity, the commission may designate the entity as a host  
22 licensee, authorized to maintain common pari-mutuel pools on  
23 international and interstate races transmitted to and from the  
24 racetrack enclosures within this Commonwealth. All simulcasts of  
25 horse races shall comply with the provisions of the Interstate  
26 Horseracing Act of 1978 (Public Law 95-515, 15 U.S.C. § 3001 et  
27 seq.) and the laws of each state involved, placed or transmitted  
28 by an individual in one state via telephone, Internet or other  
29 electronic media and accepted and maintained in common pari-  
30 mutuel pools. The designation as a host licensee for

1 international and interstate simulcast races shall be limited to  
2 licensed racing entities which comply with 4 Pa.C.S. § 1303(d)  
3 (relating to additional Category 1 slot machine license  
4 requirements).

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

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

11 (2) Forms of pari-mutuel wagering shall be allowed on  
12 horse races to be televised by simulcasting. The commission  
13 may permit pari-mutuel pools in this Commonwealth to be  
14 combined with pari-mutuel pools created under the laws of  
15 another jurisdiction and may permit pari-mutuel pools created  
16 under the laws of another jurisdiction to be combined with  
17 pari-mutuel pools in this Commonwealth. The commission shall  
18 promulgate regulations necessary to regulate wagering on  
19 televised simulcasts.

20 (c) Taxation.--Money wagered by patrons in this Commonwealth  
21 on horse races shall be computed by the amount of money wagered  
22 each racing day for purposes of taxation under section 224-A.  
23 Thoroughbred races shall be considered a part of a thoroughbred  
24 horse race meeting and standardbred horse races shall be  
25 considered a part of a standardbred horse race meeting.  
26 Section 220-A. Place and manner of conducting pari-mutuel  
27 wagering.

28 (a) Wagering location.--A licensed racing entity shall  
29 provide a location during a horse race meeting within the  
30 racetrack enclosure where the licensed racing entity shall

1 operate the pari-mutuel system of wagering by its patrons on the  
2 results of horse races held at the racetrack or televised to the  
3 racetrack enclosure by simulcasting under section 219-A. The  
4 licensed racing entity shall erect a sign or board compatible  
5 with the totalisator systems which shall display all of the  
6 following:

7 (1) The approximate straight odds on each horse in any  
8 race.

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

11 (3) The elapsed time of the race.

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

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

18 (c) Electronic wagering.--A licensed racing entity may  
19 operate electronic wagering on horse racing in accordance with  
20 all of the following:

21 (1) Messages to place wagers shall be to a place within  
22 the racetrack enclosure.

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

26 The commission may promulgate regulations necessary to regulate  
27 electronic wagering for horse racing.

28 (d) Taxation.--Money wagered as a result of electronic  
29 wagering shall be included in the amount wagered each racing day  
30 for purposes of taxation under section 224-A and shall be

1 included in the same pari-mutuel pools for each posted race.  
2 Electronic wagering shall be operated by the licensed racing  
3 entity or by a duly licensed vendor.

4 (e) Conditions.--

5 (1) A licensed racing entity shall only accept and  
6 tabulate a wager by a direct request via electronic media  
7 from the holder of an electronic wagering account. Only the  
8 holder of the electronic wagering account shall place a  
9 wager.

10 (2) Any person who violates this subsection commits a  
11 misdemeanor of the first degree.

12 (f) Primary market area.--

13 (1) No licensed racing entity may accept a wager or  
14 establish electronic wagering for any person located in the  
15 primary market area of a racetrack, other than the racetrack  
16 at which the licensed racing entity is conducting a race  
17 meeting.

18 (2) Nothing in this subsection shall be construed to  
19 prohibit a licensed racing entity from accepting a wager from  
20 or establishing an electronic wagering account for any person  
21 located in the primary market area of the racetrack where the  
22 licensed racing entity is conducting a meet. If two tracks  
23 share the primary market area, both racetracks shall have  
24 equal rights to the market in the shared area.

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

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

27 (1) Notwithstanding any other provision of this act,  
28 ~~beginning January 1, 2017,~~ the commission may approve a <--  
29 licensed racing entity to continue to operate a nonprimary  
30 location where it has conducted pari-mutuel wagering on horse

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

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

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

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

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

25 (3) The commission shall annually conduct inspections of  
26 the primary facility.

27 (4) The regulatory authority of the commission shall  
28 apply to nonprimary locations and any employees or vendors of  
29 the licensed racing entity establishing the nonprimary  
30 location.

1 (b) Taxation and records.--Money wagered at all primary and  
2 nonprimary locations under this act shall be included in common  
3 pari-mutuel pools. Money wagered by patrons on the races shall  
4 be computed by the amount of money wagered each racing day for  
5 purposes of taxation under section 224-A. The licensed racing  
6 entity conducting the HORSE race meeting and maintaining the <--  
7 pari-mutuel pools shall maintain accurate records of the amount  
8 wagered in each pool from every primary and nonprimary location.

9 (c) Retention.--Money retained under section 224-A shall be  
10 calculated for each location where pari-mutuel wagering is being  
11 conducted. If wagering has taken place at a nonprimary location  
12 where the wagering is conducted by a licensed racing entity  
13 other than the licensed racing entity conducting the HORSE race <--  
14 meeting, the licensed racing entity conducting the HORSE race <--  
15 meeting shall retain any money to which it is entitled by  
16 agreement. The licensed racing entity conducting the meeting  
17 shall pay over the balance of the retained money to the licensed  
18 racing entity conducting the wagering at the nonprimary  
19 location.

20 (d) Payment of purses.--A licensed racing entity conducting  
21 a HORSE race meeting where pari-mutuel wagering is conducted at <--  
22 one or more nonprimary locations shall distribute money to the  
23 horseman's organization representing a majority of owners and <--  
24 trainers at its racetrack, or in accordance with the practice of  
25 the parties, to be used for payment of purses at that racetrack,  
26 as follows:

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

30 (2) When the gross wagering handle on the races at a

1 nonprimary location on a given day is less than \$30,000, the  
2 percentage may not be less than 3%.

3 (3) When the gross wagering handle on the races at a  
4 nonprimary location on a given day is between \$30,000 and  
5 \$75,000, the percentage may not be less than 4.75%.

6 (4) Whenever a nonprimary location is within the primary  
7 market area of a licensed racing entity other than the  
8 licensed racing entity conducting the races, the applicable  
9 percentage shall be distributed one-half to the horseman's  
10 organization ~~representing a majority of owners and trainers~~ <--  
11 at the racetrack or in accordance with the practice of the  
12 parties.

13 (5) Where the HORSE race meeting is being conducted to <--  
14 be used for the payment of purses at the racetrack and one-  
15 half to the horseman's organization, or in accordance with  
16 the practice of the parties, at the racetrack within the  
17 primary market area to be used for the payment of purses at  
18 the racetrack.

19 Nothing in this subsection shall be construed to prevent a  
20 licensed racing entity from agreeing to distribute amounts  
21 greater than the percentages set forth in this subsection.  
22 However, if no alternative agreement has been reached, the total  
23 percentage for purses under this subsection shall be paid in  
24 accordance with the minimum percentages set forth in this  
25 subsection.

26 (e) Other payments.--Notwithstanding any other provision of  
27 this act, a nonprimary location may be established within the  
28 primary market area of a racetrack by agreement between the  
29 licensed racing entity and the horseman's organization  
30 ~~representing a majority of the owners and trainers at the~~ <--

1 racetrack specifying the total percentage of handle wagered at  
2 the nonprimary location to be distributed to the horseman's  
3 organization, or in accordance with the practice of the parties,  
4 to be used for the payment of purses at that racetrack. If no  
5 agreement is reached covering the locations, the total  
6 percentage to be paid for purses shall be the same as that  
7 applied to on-track wagering at the racetrack located within the  
8 primary market area.

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

10 Every licensed racing entity that conducts a horse race  
11 meeting at which pari-mutuel wagering is authorized, shall  
12 maintain books and records that clearly show by separate record  
13 the total amount of money contributed to every pari-mutuel pool.  
14 The Department of Revenue or its authorized representative shall  
15 have access to examine all books and records and ascertain  
16 whether the proper amount due to the State is being paid by the  
17 licensed racing entity.

18 Section 223-A. Filing of certain agreements with the  
19 commission.

20 A licensed racing entity shall promptly file with the  
21 commission any lease agreement concerning any concession, labor  
22 management relation, hiring of designated classes of officers,  
23 employees or contractors specified by the commission or any  
24 other contract or agreement as the commission may prescribe.

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

26 (a) Fund.--There is hereby established in the State Treasury  
27 the State Racing Fund. ALL MONEY DEPOSITED IN THE FUND, EXCEPT <--  
28 MONEY DEPOSITED IN RESTRICTED ACCOUNTS, SHALL BE ANNUALLY  
29 APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE ADMINISTRATION AND  
30 ENFORCEMENT OF THIS ACT AND FOR THE OVERSIGHT AND PROMOTION OF

1 HORSE RACING IN THIS COMMONWEALTH. A licensed racing entity that  
2 conducts horse race meetings or a licensed advance deposit  
3 account wagering entity shall pay a tax to the Department of  
4 Revenue for deposit in the State Racing Fund.

5 (b) Tax rate.--The tax imposed on a licensed racing entity  
6 or licensed advance deposit account wagering entity shall be  
7 1.5% of the amount wagered each racing day and 2.5% of the total  
8 amount on an exacta, daily double, quinella and trifecta wager.

9 (c) Expenditures.--Funds collected and deposited under  
10 subsection (b) and any interest shall be used solely for the  
11 administration and enforcement of this act including:

12 (1) Funds to the commission in an amount appropriated by  
13 the General Assembly.

14 (2) Funds to the Department of Revenue in an amount  
15 appropriated by the General Assembly.

16 (d) Breakage.--All breakage retained under section 225-A by  
17 licensed racing entities that conduct horse race meetings shall  
18 be distributed in the following manner:

19 (1) Seventy-five percent of the breakage shall be paid  
20 to the Department of Revenue for credit to the State Racing  
21 Fund.

22 (2) Twenty-five percent of the breakage shall be  
23 retained by the licensed ~~corporations~~ RACING ENTITY to be <--  
24 used solely for purses to the horsemen. All breakage money  
25 due to licensed racing entities for the purses for claiming  
26 and nonclaiming races under this paragraph but not expended  
27 as a result of a race cancellation shall be carried forward  
28 to the next succeeding horse race meeting by licensed racing  
29 entities to be used for claiming and nonclaiming races which  
30 restrict entry to horses sired in this Commonwealth under the

1 provisions of this paragraph.

2 (e) Remainder.--The remainder of the money shall be  
3 distributed as follows:

4 (1) An amount equivalent to 1% of the amount wagered  
5 each racing day at thoroughbred horse race meetings shall be  
6 paid by the Department of Revenue from the State Racing Fund  
7 for credit to the Pennsylvania Breeding Fund established  
8 under section 226-A.

9 (2) An amount equivalent to 1.5% of the amount wagered  
10 each racing day at standardbred horse race meetings shall be  
11 paid by the Department of Revenue from the State Racing Fund  
12 through the Department of Revenue for credit to the <--  
13 Pennsylvania Sire Stakes Fund established under section 227-  
14 A.

15 (3) The remainder of the amount wagered each racing day  
16 shall be deposited in the State Racing Fund, for <--  
17 appropriation for the promotion of horse racing.

18 (f) Other revenues.--The State Racing Fund may also receive  
19 moneys from any other source, including, but not limited to  
20 appropriations made by the General Assembly.

21 Section 225-A. Pari-mutuel pool distribution.

22 (a) Distribution.--A licensed racing entity shall distribute  
23 money in a pari-mutuel pool to the holders of winning tickets  
24 presented for payment before the first day of April of the year  
25 following the date of purchase. After April 1 of the year  
26 following the year of purchase, a licensed racing entity shall  
27 forward the necessary funds held for uncashed tickets to the  
28 Department of Revenue. The funds shall be deposited into the  
29 State Racing Fund.

30 (b) Remainder.--The remainder of the money shall be retained

1 by the licensed racing entity in the following manner:

2 (1) Seventeen percent of the money plus the breakage  
3 from regular wagering pools or 19% of the money plus the  
4 breakage from regular wagering pools for licensed racing  
5 entities whose daily total in all pari-mutuel pools averaged  
6 less than \$300,000.

7 (2) Twenty percent of the money plus breakage from the  
8 exacta, daily double, quinella and other wagering pools as  
9 determined by the commission.

10 (3) At least 26%, but no more than 35%, from the  
11 trifecta or other wagering pools as determined by the  
12 commission.

13 (c) Retention.--A licensed racing entity may retain lesser  
14 percentages upon approval of the commission.

15 Section 226-A. Pennsylvania Breeding Fund.

16 (a) Establishment.--There is hereby created a restricted  
17 account in the State Racing Fund to be known as the Pennsylvania  
18 Breeding Fund which shall consist of the money deposited under  
19 section 225-A and which shall be distributed by the Department  
20 of Revenue.

21 (b) Awards from the Pennsylvania Breeding Fund.--The  
22 Department of Revenue shall distribute money from the  
23 Pennsylvania Breeding Fund as follows:

24 (1) An award of 30% of the purse earned by every  
25 registered thoroughbred racing horse sired in this  
26 Commonwealth by a registered Pennsylvania sire at the time of  
27 conception of the registered thoroughbred racing horse sired  
28 in this Commonwealth, or an award of 20% of the purse earned  
29 by every registered thoroughbred racing horse sired in this  
30 Commonwealth sired by a nonregistered sire, which finishes

1 first, second or third in any race conducted by a licensed  
2 racing entity under this act shall be paid to the breeder of  
3 said registered thoroughbred racing horse sired in this  
4 Commonwealth. A single award under this paragraph may not  
5 exceed 1% of the total annual fund money.

6 (2) An award of 10% of the purse earned by any  
7 thoroughbred racing horse sired in this Commonwealth which  
8 finishes first, second or third in any race conducted by a  
9 licensed racing entity under this act shall be paid to the  
10 owner of the registered Pennsylvania sire which regularly  
11 stood in Pennsylvania at the time of conception of the  
12 thoroughbred racing horse sired in this Commonwealth. A  
13 single award under this paragraph may not exceed 0.5% of the  
14 total annual fund money.

15 (3) An award of 10% of the purse earned by any  
16 registered thoroughbred racing horse sired in this  
17 Commonwealth which finishes first in any race conducted by a  
18 licensed racing entity under this act not restricting entry  
19 to registered thoroughbreds racing horse sired in this  
20 Commonwealth shall be paid to the licensed owner of said  
21 registered thoroughbred horse sired in this Commonwealth at  
22 the time of winning. A single award under this paragraph may  
23 not exceed 0.5% of the total annual fund money.

24 (c) Purses from Pennsylvania Breeding Fund.--Up to one-fifth  
25 of the total of the estimated Pennsylvania Breeding Fund money  
26 remaining each year after the deduction of expenses related to  
27 the administration and development of the Pennsylvania Breeding  
28 Fund program and the payment of breeder, stallion and owner  
29 awards, shall be divided among the licensed racing entities that  
30 conduct thoroughbred horse race meetings in direct proportion to

1 the rate by which each licensed racing entity generated the fund  
2 money during the previous year to be used solely for purses for  
3 Pennsylvania Breeding Fund stakes races which restrict entry to  
4 registered thoroughbred racing horse sired in this Commonwealth.

5 (d) Remaining funds.--The Pennsylvania Breeding Fund money  
6 remaining following disbursements as directed in subsection (b)  
7 (1), (2) and (3) and subsection (c) shall be divided among the  
8 licensed racing entities that conduct thoroughbred horse race  
9 meetings in direct proportion to the rate by which each licensed  
10 racing entity generated the fund money during the previous year  
11 to be used for purses as follows:

12 (1) Claiming and nonclaiming Pennsylvania Breeding Fund  
13 races which restrict entry to registered thoroughbred racing  
14 horses sired in this Commonwealth.

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

22 (e) Funds not expended.--Pennsylvania Breeding Fund money  
23 due to licensed racing entities, as outlined in subsections (c)  
24 and (d), but not expended during the calendar year may be  
25 carried forth in the fund on the accounts of the licensed racing  
26 entities to be expended during the succeeding year in addition  
27 to the racing entities' fund money annually due to them for  
28 purses.

29 (e.1) Committee.--There is hereby established the  
30 Pennsylvania Breeding Fund Advisory Committee within the

1 commission. The committee shall consist of five individuals, who  
2 are residents of this Commonwealth, to be appointed by the  
3 commission by June 1 of each year based on the recommendation of  
4 the groups identified in this subsection. If a member other than  
5 a commissioner has not been recommended by June 1 of each year,  
6 the commission shall make an appointment for the organization  
7 failing to so recommend a member of the committee. The committee  
8 shall assist and advise the commission on the regulation of  
9 horse racing under this act but shall have no power in  
10 administering the fund. Members of the advisory committee shall  
11 not receive compensation or reimbursements for participation on  
12 the committee. The committee shall consist of the following  
13 members:

14 (1) Two members representing the Pennsylvania Horse  
15 Breeders' Association.

16 (2) One member representing licensed racing entities.

17 (3) One member representing the association representing  
18 horsemen racing in Pennsylvania.

19 (4) One member of the commission.

20 (f) Pennsylvania Horse Breeders' Association.--The  
21 commission shall contract with the Pennsylvania Horse Breeders'  
22 Association as the organization responsible for the registration  
23 and records of thoroughbred racing horses sired in this  
24 Commonwealth. The Pennsylvania Horse Breeders' Association shall  
25 advise the commission when called upon and shall determine the  
26 qualifications for thoroughbred racing horses sired in this  
27 Commonwealth and Pennsylvania sires. Registration and records of  
28 the association shall be official records of the Commonwealth  
29 and shall be subject to the act of February 14, 2008 (P.L.6,  
30 No.3), known as the Right-to-Know Law. At the close of each

1 calendar year, the Pennsylvania Horse Breeders' Association  
2 shall submit to the commission for its approval an itemized  
3 budget of projected expenses for the ensuing year relating to  
4 the administration and development of the Pennsylvania Breeding  
5 Fund Program. The commission shall reimburse the Pennsylvania  
6 Horse Breeders' Association for those expenses actually incurred  
7 in the administration and development of the Pennsylvania  
8 Breeding Fund Program from the Pennsylvania Breeding Fund, no  
9 more than on a quarterly basis. No more than 5% of the fund may  
10 be utilized for administrative costs.

11 Section 227-A. Pennsylvania Sire Stakes Fund.

12 (a) Establishment.--There is created a restricted account in  
13 the State Racing Fund to be known as the Pennsylvania Sire  
14 Stakes Fund which shall consist of the money deposited under  
15 section 225-A and which shall be administered by the commission.

16 (b) Distribution and use of funds.--Funds shall be  
17 distributed as follows:

18 (1) Sixty percent of the money remaining in the excess  
19 fund account of the Pennsylvania Sire Stakes Fund at the end  
20 of the calendar year in which this subsection is enacted  
21 shall be distributed to licensed racing entities that conduct  
22 standardbred horse race meetings to be used in the next  
23 succeeding calendar year as purse money for Pennsylvania-  
24 sired horses. The remaining 40% of the money in the excess  
25 fund account at the end of the calendar year of the enactment  
26 of this subsection, together with the interest earned on that  
27 money, shall be distributed to licensed racing entities that  
28 conduct standardbred horse race meetings to be used in the  
29 next succeeding calendar year as purse money for  
30 Pennsylvania-sired horses.

1           (2) After deduction of sufficient funds to cover the  
2 commission's cost of administration, 80% of all remaining  
3 money in the Pennsylvania Sire Stakes Fund at the end of the  
4 calendar year shall be distributed to licensed racing  
5 entities that conduct standardbred horse race meetings to be  
6 used as purse money for Pennsylvania-sired horses. The  
7 commission may allocate up to a total of 40% of the amount to  
8 be distributed to licensed racing entities in a calendar year  
9 for use for a series of championship final races at the  
10 racetracks of licensed business entities that conduct  
11 standardbred horse race meetings. The commission shall  
12 distribute the money to these championship final races in an  
13 equal amount for each sex, age and gait for two-year-old  
14 trotters and pacers and three-year-old trotters and pacers  
15 based on conditions establishing eligibility to these final  
16 events. No pari-mutuel standardbred racetrack shall be  
17 awarded more than 50% of the championship final races in any  
18 calendar year. The commission shall schedule these final  
19 events so as to evenly alternate classes at each racetrack  
20 each year. After the allocation for the championship final  
21 races has been determined, the remaining funds to be  
22 distributed to licensed racing entities that conduct  
23 standardbred horse race meetings shall be divided equally  
24 among the licensed racing entities. Each licensed racing  
25 entity shall divide the funds received equally for each of:

26           (i) four two-year-old races; one pace for colts, one  
27 pace for fillies, one trot for colts and one trot for  
28 fillies; and

29           (ii) four three-year-old races; one pace for colts,  
30 one pace for fillies, one trot for colts and one trot for

1 fillies.

2 (c) Purse money.--Each allotment shall provide purse money  
3 for the respective races. The purse money shall be in addition  
4 to any entry fees or other funds available.

5 (d) Entry restriction.--Entry for these races shall be  
6 limited to standardbred horses which were sired by a  
7 standardbred stallion regularly standing in Pennsylvania and  
8 each race shall be designated a Pennsylvania sire stakes race.  
9 The commission shall adopt regulations as necessary to  
10 administer the entry restriction.

11 Section 228-A. Fair fund proceeds.

12 (a) Distribution.--The Department of Agriculture shall  
13 distribute money in the fair fund annually, on or before March  
14 1, for reimbursement for each county agricultural society and  
15 each independent agricultural society conducting standardbred  
16 horse racing during its annual fair, other than races for two-  
17 year-old colts and fillies and three-year-old colts and fillies,  
18 an amount of money equal to that used during their annual fair  
19 as purse money for standardbred horse racing, track and stable  
20 maintenance, starting gate rental and the cost of all  
21 standardbred horse racing officials required during their annual  
22 fair. The reimbursement amount may not be more than \$13,000, a  
23 minimum of \$4,000 of which must be used for purse money and the  
24 balance of the allotment per fair, not used for purse money over  
25 the minimum \$4,000 allotment, shall be used for the specific  
26 purposes referenced above or otherwise the allotment shall be  
27 retained in the fund.

28 (b) Inspection.--The Department of Agriculture shall  
29 annually inspect each track facility at a county fair and advise  
30 each operating fair about track maintenance which is necessary

1 to ensure adequate racing surface during the course of scheduled  
2 fairs and racing events. If it is the opinion of the Department  
3 of Agriculture that the fair society or event sponsor is not  
4 adequately financing track maintenance, the Department of  
5 Revenue shall surcharge the fair fund account of the fair  
6 society or event sponsor to effectuate the remediation.

7 Section 229-A. Hearing.

8 An applicant, licensee, permittee or other person whose  
9 application has been denied or whose license or permit has been  
10 suspended, revoked or not renewed may request a hearing before  
11 the commission. The provisions of 2 Pa.C.S. Chs. 5 Subch. A  
12 (relating to practice and procedure of Commonwealth agencies)  
13 and 7 Subch. A (relating to judicial review of Commonwealth  
14 agency action) shall apply.

15 Section 230-A. Prohibition of wagering.

16 ~~No commission member~~ COMMISSIONER or employee of the <--  
17 commission shall wager upon the outcome of any horse race  
18 conducted at or simulcast to a track at which pari-mutuel  
19 wagering is conducted by any licensed racing entity ~~of REGULATED~~ <--  
20 BY the commission. No licensed racing entity shall permit any  
21 person who is under 18 years of age to wager at a horse race  
22 meeting conducted by the licensed racing entity. No licensed  
23 racing entity shall permit any person who is under 18 years of  
24 age to attend a horse race meeting conducted by the licensed  
25 racing entity unless the person is accompanied by a parent or  
26 guardian. This section shall not be construed to prohibit  
27 persons under 18 years of age, who are legally employed, from  
28 being upon the racetrack premises for the sole purpose of  
29 engaging in the performance of their duties as employees.

30 Section 231-A. Veterinarians and State stewards.

1 (a) General rule.--The commission shall have the authority  
2 to employ or contract with licensed veterinarians, stewards and  
3 other personnel deemed appropriate by the commission to serve at  
4 each meeting conducted by a licensed racing entity. The  
5 commission may employ or contract with other individuals as  
6 shall be necessary to carry out the responsibilities of this  
7 section.

8 (b) Costs and compensation.--The costs and compensation of  
9 the horse racing veterinarians, State stewards and other  
10 personnel shall be fixed and paid by the licensed racing entity.

11 (c) Agricultural society horse racing.--The ~~Department of~~ <--  
12 ~~Agriculture~~ COMMISSION may promulgate regulations to oversee <--  
13 horse racing conducted by a county agricultural society or an  
14 independent agricultural society, as provided for under section  
15 5(1)(iii) and (iv) of the act of July 8, 1986 (P.L.437, No.92),  
16 known as the Pennsylvania Agricultural Fair Act.

17 Section 232-A. Promotions and discounts.

18 The commission may approve a licensed racing entity to issue  
19 a free pass, card or badge for a special promotional program and  
20 seasonal discount ticket program.

21 Section 233-A. Monitoring of wagering on video screens.

22 A licensed racing entity conducting pari-mutuel wagering  
23 shall display on video screens the approximate odds or  
24 approximate will-pays on each horse for each race as well as a  
25 combination of races, including quinellas, exactas, perfectas  
26 and any other combination or pool of races. A display of  
27 approximate odds or approximate will-pays is not required where  
28 the wager is on horses in four or more races, such as Pick 4,  
29 Pick 5 or Pick 6. In addition to displaying the amount of money  
30 wagered, the approximate odds or approximate will-pays on each

1 horse or combination of horses must be shown on video screens in  
2 each wagering division. For trifectas, in lieu of odds or  
3 approximate will-pays, the amount of money being wagered on each  
4 horse to win in the trifecta pool must be displayed on video  
5 screens separately from any other information. Information must  
6 be displayed from the opening of bets or wagering and be  
7 continually displayed until the wagering is closed. At least one  
8 video screen in each wagering division shall display the amount  
9 of money wagered on each horse involved in a trifecta pool.

10 Section 234-A. Simulcasting.

11 (a) General rule.--The commission shall permit intrastate  
12 simulcasting of live racing.

13 (b) Simulcast signal.--The simulcast signal shall be  
14 encoded, and the racetrack receiving the simulcast signal may  
15 not send the signal anywhere other than a public location  
16 authorized under section 219-A.

17 (c) Forms of pari-mutuel wagering.--The forms of pari-mutuel  
18 wagering described in section 225-A are allowed on a race to be  
19 televised by simulcasting under this section.

20 (d) Regulations.--The commission may promulgate regulations  
21 on wagering and the operation of horse racing.

22 (e) Computation of money wagered.--The money wagered by a  
23 patron on a race must be computed in the amount of money wagered  
24 each racing day for purposes of taxation under section 224-A.

25 ~~(f) Thoroughbred and standardbred horse racetracks. If a~~ <--  
26 ~~simulcast is between a thoroughbred racetrack and a standardbred~~  
27 ~~racetrack, the commission has jurisdiction. An approval required~~  
28 ~~under this section must be received from the commission,~~  
29 ~~provided that if an agreement is not reached between the~~  
30 ~~organization representing the horsemen, the licensed racing~~

~~1 entity may petition a court of common pleas in the county in  
2 which the licensed racing entity's racetrack is located. A court  
3 of common pleas may direct the organization representing the  
4 horsemen to approve the simulcast agreement upon good cause  
5 shown by the licensed racing entity that failure to consent  
6 would be detrimental to the racing industry in this  
7 Commonwealth. The commission may authorize the simulcasting if  
8 the simulcasting will have a significant value to the racing  
9 industry in this Commonwealth.~~

10 ~~(g) (F) Definition.--As used in this section, the term~~ <--  
11 ~~"racing day" consists of a minimum of eight live races, except~~  
12 ~~at thoroughbred tracks on Breeders' Cup Event Day.~~

13 ~~Section 235-A. Commingling.~~

14 ~~(a) Applicability.--This section is applicable only to~~  
15 ~~licensed racing entities that conduct thoroughbred racing.~~

16 ~~(b) Race secretary.--The race secretary shall receive~~  
17 ~~entries and declarations as an agent for the licensed racing~~  
18 ~~entity for which the race secretary acts. The race secretary or~~  
19 ~~an individual designated by the licensed racing entity may~~  
20 ~~receive stakes, forfeits, entrance money, jockey fees and other~~  
21 ~~fees, purchase money in claiming races and other money that can~~  
22 ~~properly come into the race secretary's possession as an agent~~  
23 ~~for the licensed racing entity for which the race secretary or~~  
24 ~~designee is acting.~~

25 ~~(c) Horsemen's Account.--A licensed racing entity shall~~  
26 ~~maintain a separate account, to be known as a Horsemen's~~  
27 ~~Account. Money owed to owners in regard to purses, stakes,~~  
28 ~~rewards, claims and deposits shall be deposited into the~~  
29 ~~Horsemen's Account. Funds in the account are recognized and~~  
30 ~~denominated as being the sole property of owners. Deposited~~

1 funds may not be commingled with funds of the licensed racing  
2 entity unless a licensed racing entity established an  
3 irrevocable clean letter of credit with an evergreen clause in  
4 favor of the organization which represents a majority of the  
5 owners and trainers racing with the licensed racing entity. The  
6 minimum amount of the credit must be the greater of \$1,000,000  
7 or 110% of the highest monthly balance in the Horsemen's Account  
8 in the immediate prior year. To calculate the monthly balance in  
9 the Horsemen's Account, the sum of the daily balances shall be  
10 divided by the number of days in the month. The evergreen clause  
11 must provide that:

12 (1) thirty days prior to the expiration of the letter of  
13 credit, the financial institution can elect not to renew the  
14 letter of credit;

15 (2) upon an election under paragraph (1), the financial  
16 institution must notify the designee of the organization that  
17 represents a majority of the owners and trainers racing with  
18 the licensed racing entity, by registered mail, return  
19 receipt requested, of the election not to renew; and

20 (3) the financial institution will honor the letter of  
21 credit for six months after expiration.

22 Purse money earned by owners shall be deposited by the licensed  
23 racing entity in the Horsemen's Account within 48 hours after  
24 the result of the race in which the money was earned has been  
25 declared official and the purse has been released by the  
26 commission.

27 (d) Accounting.--A licensed racing entity shall designate  
28 individuals authorized to receive and disburse funds from the  
29 Horsemen's Account. Individuals designated under this subsection  
30 shall be bonded to provide indemnity for malfeasance,

1 nonfeasance and misfeasance. A certified copy of the bond shall  
2 be filed with the commission.

3 (e) Examination, access and records.--The Horsemen's Account  
4 and the investment and deposit schedules relating to the account  
5 are subject to examination, at reasonable times, by a designee  
6 of the organization which represents a majority of the owners  
7 and trainers racing with the licensed racing entity and by the  
8 commission. The individual designated under subsection (d) shall  
9 provide each owner with access, at reasonable times during a  
10 racing day, to the amount of funds in the Horsemen's Account  
11 credited to that owner. At the close of a horse race meeting,  
12 the designated individual shall mail to each owner a record of  
13 deposits, withdrawals and transfers affecting the amount of  
14 funds in the Horsemen's Account credited to that owner.

15 (f) Auditing and monthly statements.--The Horsemen's Account  
16 shall be audited annually and at any other time determined by  
17 the commission. Monthly statements shall be provided to the  
18 designee of the organization which represents a majority of the  
19 owners and trainers racing with the licensed racing entity and  
20 the commission.

21 (g) Interest.--Fifty percent of the money earned as interest  
22 on funds in the Horsemen's Account shall be paid to the  
23 organization that represents a majority of the owners and  
24 trainers racing with the licensed racing entity on a weekly  
25 basis. The amount is for the benefit of the horsemen as  
26 determined by the organization that represents the majority of  
27 the owners and trainers racing with the licensed racing entity.  
28 The remaining 50% of the interest earned is for the benefit of  
29 the licensed racing entity that has the responsibility to fund  
30 the costs associated with the administration of the fund.

1 Interest each month must be earned in an amount equal to the  
2 Federal Reserve Discount Rate on the first day of the month.  
3 Section 236-A. Standardbred horse racing purse money.

4 A licensed racing entity that conducts standardbred racing  
5 must place on deposit with the commission by March 1 of each  
6 year an irrevocable letter of credit equivalent to its average  
7 weekly purse total from the immediate prior year. The commission  
8 shall hold the letter of credit in trust for the standardbred  
9 horsemen racing at that licensed racing entity's horse race  
10 meeting if the purse checks are not issued or insufficient funds  
11 are available to cover the purse checks.

12 CHAPTER 2-B

13 ADVANCE DEPOSIT ACCOUNT WAGERING

14 Section 201-B. Definitions.

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

18 "Account." An account for advance deposit account wagering  
19 with a specific identifiable record of deposits, wagers and  
20 withdrawals established by an account holder and managed by the  
21 licensed advance deposit account wagering entity.

22 "Account holder." An individual who successfully completed  
23 an application and for whom the licensed advance deposit account  
24 wagering entity has opened an account.

25 "Applicant." A person that has submitted an application for  
26 a license under this ~~act~~ CHAPTER.

<--

27 "Confidential information." Shall include all of the  
28 following:

29 (1) The amount of money credited to, debited from,  
30 withdrawn from or present in any particular account holder's

1 account.

2 (2) The amount of money wagered by a particular account  
3 holder on any race or series of races.

4 (3) The account number and secure personal  
5 identification code of a particular account holder.

6 (4) The identities of particular licensed racing entity  
7 on which the account holder is wagering or has wagered.

8 (5) Unless otherwise authorized by the account holder,  
9 the name, address and other information in the possession of  
10 the licensed advance deposit account wagering entity that  
11 would identify the account holder to anyone other than the  
12 commission or the licensed advance deposit account wagering  
13 entity.

14 "Nominal change in ownership." The sale, pledge,  
15 encumbrance, execution of an option agreement or other transfer  
16 of less than 5% of the equity securities or other ownership  
17 interest of a partnership, association, corporation or entity  
18 holding a license.

19 "Principal." All of the following individuals associated  
20 with a partnership, trust association, limited liability company  
21 or corporation:

22 (1) The chairman and all members of the board of  
23 directors of a corporation.

24 (2) All partners of a partnership and all participating  
25 members of a limited liability company.

26 (3) All trustees and trust beneficiaries of an  
27 association.

28 (4) The president or chief executive officer and all  
29 other officers, managers and employees who have policy-making  
30 or fiduciary responsibility within the organization.

1 (5) All stockholders or other individuals who own, hold  
2 or control, either directly or indirectly, 5% or more of  
3 stock or financial interest in the collective organization.

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

8 "Substantial change in ownership." The sale, pledge,  
9 encumbrance, execution of an option agreement or another  
10 transfer of 5% or more of the equity securities or other  
11 ownership interest of a partnership, association, corporation or  
12 entity holding a license.

13 "Telephone account wagering." A form of pari-mutuel wagering  
14 where an individual may deposit money in an account at a track  
15 and may place a wager by direct telephone call or by  
16 communication through other electronic media owned by the holder  
17 of the account to the track.

18 Section 202-B. License required to conduct advance deposit  
19 account wagering.

20 (a) New applications.--A person, other than a licensed  
21 racing entity engaged in ~~telephone account~~ ELECTRONIC wagering <--  
22 that offers advance deposit account wagering to individuals  
23 within this Commonwealth shall apply to the commission for a  
24 license under this chapter. Deadlines for new license  
25 applications shall be as follows:

26 (1) A person that offered advanced deposit account  
27 wagering to residents of this Commonwealth prior to the  
28 effective date of this chapter, shall apply to the commission  
29 for a license by submitting a completed Initial/Renewal  
30 License Application to Conduct Advance Deposit Account

1 Wagering form on or before 60 days after the effective date  
2 of this chapter. Between the time that the license  
3 application is submitted and the commission renders a  
4 decision, the person may continue to operate. The commission  
5 shall render a decision within 90 days of receipt of a  
6 completed license application. The license shall be effective  
7 upon approval of the commission.

8 (2) Any other person shall apply to the commission for a  
9 license by submitting a completed Initial/Renewal License  
10 Application to Conduct Advance Deposit Account Wagering form.  
11 The license shall be effective, and the licensed advance  
12 deposit account wagering entity may begin operations, upon  
13 approval of the commission.

14 (b) Renewal applications.--A license to conduct advance  
15 deposit account wagering shall be renewed ~~every three years~~ <--  
16 ANNUALLY in accordance with this chapter. A renewal application <--  
17 shall be submitted on the Initial/Renewal License Application to  
18 Conduct Advance Deposit Account Wagering form on or before  
19 September 1 of the preceding year. The commission shall render a  
20 decision on the application on or before December 15 of the  
21 preceding year. If approved, a renewal license shall be  
22 effective January 1.

23 (c) Information required.--If an applicant is unable to  
24 provide the information required, the applicant shall fully  
25 explain and document to the satisfaction of the commission, the  
26 circumstances and shall provide the information promptly upon  
27 being able to do so.

28 Section 203-B. Licensing costs and fees.--Costs and fees are as  
29 follows:

30 (1) The applicant shall pay all costs incurred by the

1 commission in reviewing an application for an initial  
2 license, including legal and investigative costs and the cost  
3 of other necessary outside professionals and consultants in  
4 accordance with the following:

5 (i) As an initial payment for these costs, the  
6 applicant shall submit, along with a license application,  
7 a cashier's check or certified check payable to the  
8 commission in the amount of \$50,000.

9 (ii) Any portion of the payment not required to  
10 complete the investigation shall be refunded to the  
11 applicant within 20 days of the granting, withdrawal or  
12 rejection of the initial license application.

13 (iii) To the extent additional costs will be  
14 necessary, the applicant shall submit a cashier's check  
15 or certified check payable to the commission in an amount  
16 reasonably requested by the commission within 10 days of  
17 receipt of the request. Failure to submit an additional  
18 requested payment shall result in suspension of the  
19 processing of the license application and may result in  
20 denial of the license.

21 (2) An applicant for a renewal license shall pay all  
22 reasonable costs incurred by the commission in reviewing a  
23 renewal license, including legal and investigative costs and  
24 the cost of other necessary outside professionals and  
25 consultants in accordance with the following:

26 (i) The applicant shall submit a cashier's check or  
27 certified check payable to the commission in an amount  
28 reasonably requested by the commission within 10 days of  
29 receipt of request.

30 (ii) Failure to submit the payment shall result in

1 suspension of the processing of renewing the license and  
2 may result in denial of the license.

3 (3) The commission may waive the costs contained in  
4 paragraphs (1) and (2), in whole or part if the applicant has  
5 undergone a certification process or other investigative  
6 review by a commission-approved industry or regulatory body.

7 (4) A license fee of \$500,000 shall be payable to the  
8 commission upon issuance of the initial license. ~~An annual A~~ <--  
9 renewal license fee of \$500,000 shall be payable to the  
10 commission. A license shall not be issued until receipt of  
11 the license fee each year. The license fee shall be deposited  
12 in the State Racing Fund.

13 (5) The commission shall track the additional costs  
14 required to implement and enforce this chapter.

15 Section 204-B. License application procedures.

16 (a) Application for license.--An application for an initial  
17 or renewal license shall be in the form and manner prescribed by  
18 the commission in accordance with this chapter. The commission  
19 may deny a license to an applicant that provides false or  
20 misleading information on or omits material information from the  
21 application. The application shall include all of the following:

22 (1) The applicant's legal name.

23 (2) The location of the applicant's principal office.

24 (3) The name, address and date of birth of each  
25 principal with a five percent or greater share of ownership  
26 or beneficial interest in the applicant.

27 (4) Audited financial statements for the last three  
28 years or, if the applicant does not have audited financial  
29 statements, financial and other pertinent information as  
30 required by the commission to determine that the applicant is

1 financially capable of operating as a going concern and  
2 protecting accounts.

3 (5) A detailed plan of how the advance deposit account  
4 wagering system will operate. The commission may require  
5 changes in the proposed plan of operations as a condition of  
6 granting a license. There shall not be subsequent material  
7 changes in the plan of operations unless ordered by the  
8 commission or until approved by the commission after  
9 receiving a written request.

10 (6) A list of all personnel processing wagers on races  
11 made by residents of this Commonwealth. This list shall be  
12 kept current and be provided to the commission upon request.

13 (7) Copies of all documents required under this  
14 subsection by the commission.

15 (b) Review.--In reviewing an application, the commission may  
16 consider any information, data, report, finding or other factor  
17 available that it considers important or relevant to the  
18 determination of whether the applicant is qualified to hold a  
19 license, including all of the following:

20 (1) The integrity of the applicant and its principals,  
21 including:

22 (i) Whether the applicant or its principals are  
23 unsuitable.

24 (ii) Whether the applicant or its principals have  
25 been a party to litigation over business practices,  
26 disciplinary actions over a business license or refusal  
27 to renew a license.

28 (iii) Whether the applicant or its principals have  
29 been a party to proceedings in which unfair labor  
30 practices, discrimination or violation of government

1 regulations pertaining to racing or gaming laws was an  
2 issue or bankruptcy proceedings.

3 (iv) Whether the applicant or its principals have  
4 failed to satisfy judgments, orders or decrees.

5 (v) Whether the applicant or its principals have  
6 been delinquent in filing tax reports or remitting taxes.

7 (2) The quality of physical facilities and equipment.

8 (3) The financial ability of the applicant to conduct  
9 advance deposit account wagering.

10 (4) The protections provided to safeguard accounts,  
11 including a certification from the licensee's chief financial  
12 officer that account funds will not be commingled with other  
13 funds as required under this chapter.

14 (5) The management ability of the applicant and its  
15 principals.

16 (6) Compliance of the applicant with applicable  
17 statutes, charters, ordinances and administrative  
18 regulations.

19 (7) The efforts of the applicant to promote, develop and  
20 improve the horse racing industry in this Commonwealth.

21 (8) The efforts of the applicant to safeguard and  
22 promote the integrity of pari-mutuel wagering in this  
23 Commonwealth.

24 (9) The economic impact of the applicant upon the  
25 Commonwealth.

26 Section 205-B. Oral presentation by applicant.

27 (a) Application.--The application presentation shall be in  
28 accordance with all of the following:

29 (1) The commission may require an applicant to make an  
30 oral presentation prior to the ruling in order to clarify or

1 otherwise respond to questions concerning the application as  
2 a condition to the issuance or renewal of a license.

3 (2) The presentation shall be limited to the information  
4 contained in the applicant's application and any supplemental  
5 information relevant to the commission's determination of the  
6 applicant's suitability.

7 (3) The admission as evidence of the supplemental  
8 information shall be subject to the discretion of the  
9 commission.

10 (b) Incomplete application.--If the commission deems an  
11 applicant's application incomplete and does not accept it for  
12 filing, the applicant shall not be entitled to make an oral  
13 presentation.

14 Section 206-B. Additional information.

15 The commission may request additional information from an  
16 applicant if the additional information would assist the  
17 commission in deciding whether to issue or renew a license,  
18 including all of the following:

19 (1) Copies of any documents used by the applicant in  
20 preparing the application.

21 (2) A list of each contract between the applicant and a  
22 third party related to operations. The commission may review  
23 the contracts at any time upon request.

24 Section 207-B. Operations.

25 (a) Prior operations.--Before doing business in this  
26 Commonwealth all of the following are required of a licensee:

27 (1) Be qualified to do business in this Commonwealth.

28 (2) Submit a copy of each document required to be filed  
29 with the Department of Revenue and each document related to  
30 an audit or investigation by any Federal, State or local

1 regulatory agency to the commission.

2 (3) Remit to the commission a copy of each document  
3 required to be filed with any Federal, State or local  
4 regulatory agency.

5 (b) Requirements.--

6 (1) A licensee shall submit quarterly reports to the  
7 commission providing amounts wagered by residents in this  
8 Commonwealth and amounts wagered on races in this  
9 Commonwealth.

10 (2) A licensee shall enter into an agreement with each  
11 licensed racing entity in this Commonwealth on whose races  
12 the licensee offers advance deposit account wagering  
13 regarding payment of host fees and any other applicable fees,  
14 costs or payments of any kind to be paid to the licensed  
15 racing entity. The licensed racing entity and the applicable  
16 horseman's organization shall negotiate a separate agreement  
17 for contributions to the purse account generated by advanced  
18 deposit account wagering.

19 (3) A licensee shall not commingle account funds with  
20 other funds.

21 (4) A licensee shall provide quarterly financial  
22 statements to the commission for the first calendar year of  
23 operation if the licensed racing entity does not have audited  
24 financial statements for the last three years as referenced  
25 in section 204-B(a)(4).

26 (5) A licensee shall use and communicate pari-mutuel  
27 wagers to a totalisator licensed by the commission.

28 (6) A licensee shall operate and communicate with the  
29 totalisator in such a way as not to provide or facilitate a  
30 wagering advantage based on access to information and

1 processing of wagers by account holders relative to  
2 individuals who wager at licensed racing entities or  
3 simulcast facilities.

4 (7) All personnel processing wagers made by residents of  
5 this Commonwealth shall be licensed in the jurisdiction where  
6 they are located. If an individual is located in a  
7 jurisdiction that is not a racing jurisdiction or that does  
8 not require a license, that individual shall be licensed in  
9 this Commonwealth.

10 (8) Accounts shall only be accepted in the name of an  
11 individual and shall not be transferable. Only individuals  
12 who have established accounts with a licensee may wager  
13 through a licensee.

14 (9) Each account holder shall provide personal  
15 information as the licensee and the commission require,  
16 including all of the following:

17 (i) Name.

18 (ii) Principal residence address.

19 (iii) Telephone number.

20 (iv) Social Security number.

21 (v) Date of birth.

22 (vi) Other information necessary for account  
23 administration.

24 (10) The information supplied by the account holder  
25 shall be verified by the licensee using means acceptable to  
26 the commission.

27 (11) The licensee shall provide each account holder a  
28 secure personal identification code and password to be used  
29 by the account holder to confirm the validity of every  
30 account transaction.

1           (12) An employee or agent of the licensee shall not  
2 disclose any confidential information except the following:

3           (i) To the commission.

4           (ii) To the account holder as required by this  
5 chapter.

6           (iii) To the licensee and its affiliates.

7           (iv) To the licensed racing entity as required by  
8 the agreement between the licensee and the licensed  
9 racing entity.

10          (v) As otherwise required by law.

11          (13) The licensee shall provide each account holder a  
12 copy of account holder rules and the terms of agreement and  
13 other information and materials that are pertinent to the  
14 operation of the account.

15          (14) The licensee may refuse to establish an account if  
16 it is found that any of the information supplied is false or  
17 incomplete or for any other reason the licensee deems  
18 sufficient.

19          (15) Each account shall be administered in accordance  
20 with the account holder rules and the terms of agreement  
21 provided to account holders, including:

22           (i) Placing of wagers.

23           (ii) Deposits to accounts.

24           (iii) Credits to accounts.

25           (iv) Debits to accounts.

26           (v) Refunds to accounts.

27           (vi) Withdrawals from accounts.

28           (vii) Minimum deposit requirements.

29           (viii) Fees per wager.

30           (ix) Rebates.

1       (16) Each licensee shall have protocols in place and  
2 shall publicize to its account holders when the wagers are  
3 excluded from a host racetrack's wagering pool. These  
4 protocols shall include an immediate electronic mail message  
5 to affected account holders and immediate posting on the  
6 licensee's publicly accessible Internet website.

7       (17) A licensee shall maintain complete records of the  
8 application and the opening of an account for the life of the  
9 account plus two additional years. A licensee shall also  
10 maintain complete records of the closing of an account for  
11 two years after closing. These records shall be provided to  
12 the commission upon request.

13       (18) A licensee shall maintain complete records of all  
14 transactions, including deposits, credits, debits, refunds,  
15 withdrawals, fees, wagers, rebates and earnings for two  
16 years. These records shall be provided to the commission upon  
17 request.

18       (19) All wagering conversations, transactions or other  
19 wagering communications, verbal or electronic, shall be  
20 recorded by means of the appropriate electronic media and the  
21 tapes or other records of the communications shall be kept by  
22 the licensee for a period of two years. These tapes and other  
23 records shall be made available to the commission upon  
24 request.

25       (20) The recording of the confirmation of the  
26 transaction, as reflected in the voice or other data  
27 recording, shall be deemed to be the actual wager regardless  
28 of what was recorded by the totalisator.

29       (21) A licensee shall not accept wagers if its recording  
30 system is not operable.

1           (22) The commission may monitor the equipment and staff  
2 and review the records of a licensee and any of the  
3 transactions conducted by the licensee with regards to wagers  
4 made by residents of this Commonwealth.

5           (23) A licensee may suspend or close any account for  
6 violation of the account holder rules and the terms of  
7 agreement or any other reason it deems sufficient, if the  
8 licensee returns to the account holder all money then on  
9 deposit within seven calendar days.

10 Section 208-B. Transfers of licenses.

11 A transfer of licenses shall be done in accordance with the  
12 following:

13           (1) A license issued under this chapter shall not be  
14 transferable or assignable.

15           (2) A substantial change in ownership in a licensee  
16 shall result in termination of the license unless prior  
17 written approval has been obtained from the commission. A  
18 request for approval of a substantial change in ownership  
19 shall be made on a form designated by the commission. Upon  
20 receipt of all required information, the commission shall, as  
21 soon as practicable, make a determination whether to  
22 authorize and approve the substantial change in ownership.

23           (3) Notice of a nominal change in ownership shall be  
24 filed with the commission within 15 days of the execution of  
25 the documents upon which the proposed nominal change in  
26 ownership will be based.

27           (4) For purposes of paragraph (3), notice is not  
28 required for any of the following:

29           (i) A nominal change in ownership if the licensee is  
30 a publicly traded corporation.

1           (ii) The transfer of an ownership interest in a  
2           licensed racing entity, whether substantial or nominal,  
3           direct or indirect, if by a publicly traded corporation,  
4           and if the beneficial ownership transferred is acquired  
5           by an individual who holds the voting securities of the  
6           publicly traded corporation for investment purposes only.

7           ~~(iii) A debt transaction of a publicly traded~~           <--  
8           ~~corporation, unless the transaction results in the pledge~~  
9           ~~or encumbrance of the assets or any portion of the assets~~  
10           ~~of the licensed racing entity.~~

11           (5) Any attempt to effect a substantial change in  
12           ownership under this section if not done so in writing shall  
13           be considered void by the commission.

14 Section 209-B. Duration of license.

15           A license issued under this chapter shall be valid for the           <--  
16           ~~three calendar years~~ ONE CALENDAR YEAR for which the license is           <--  
17           issued.

18 Section 210-B. Penalties and enforcement.

19           All of the following apply:

20           (1) The commission shall have all of the rights, powers  
21           and remedies necessary to carryout this chapter and to ensure  
22           compliance with this chapter, including revocation,  
23           suspension or modification of a license and the imposition of  
24           fin.

25           (2) With respect to an individual or entity that offers  
26           advanced deposit account wagering to residents of this  
27           Commonwealth without a license issued by the commission, the  
28           commission may take the measures deemed necessary, including  
29           referral to the appropriate regulatory and law enforcement  
30           authorities for civil action or criminal penalties.

1 Section 4. Section 301 of the act is amended to read:

2 Section 301. Mandatory requirements for medication rules.

3 (a) [The commissions shall have in effect at all times when]

4 When a licensed [corporation] racing entity conducts a horse

5 [racing] race meeting with pari-mutuel wagering the commission

6 shall have in effect rules or regulations to control the use and

7 administration of any medication and the use and administration

8 of any device that affects the performance of a race horse. The

9 [commissions may establish permitted tolerance levels and

10 therapeutic dose allowances for all medication to be used or

11 administered to a race horse.] commission shall adopt a

12 comprehensive schedule of equine drugs, medications, therapeutic

13 substances or metabolic derivatives which are authorized to be

14 administered to race horses, including tolerance levels and

15 therapeutic dose allowances. The commission shall consult with

16 the Pennsylvania Board of Veterinary Medicine, academic

17 institutes, associations representing the majority of the horse

18 owners and experts as necessary to develop the approved

19 schedule. THE ADOPTION AND AMENDMENT OF MEDICATION RULES <--

20 ESTABLISHED UNDER THIS SECTION SHALL TAKE EFFECT NO LATER THAN

21 30 DAYS AFTER NOTIFICATION HAS BEEN MADE TO THE ASSOCIATIONS

22 REPRESENTING THE MAJORITY OF THE HORSE OWNERS.

23 (b) The [commissions] commission shall establish in their

24 rules or regulations penalty provisions for the violation of

25 these rules or regulations.

26 Section 5. Section 302(a) and (c) of the act, amended May

27 16, 1986 (P.L.205, No.63), are amended to read:

28 Section 302. Establishment of the Pennsylvania Race Horse

29 Testing Program.

30 (a) There is hereby established the Pennsylvania Race Horse

1 Testing Program. The program shall be administered by [a  
2 management committee composed of the two chairpersons of the  
3 commissions, the Secretary of Agriculture and two persons  
4 appointed by the Governor. One person appointed by the Governor  
5 must be a doctor of veterinary medicine or a veterinary medical  
6 doctor and a member of the faculty of a school of veterinary  
7 medicine located within this Commonwealth and the other person  
8 must be employed within the private sector and have a background  
9 in biological and/or chemical laboratory management. The program  
10 is placed in and made a part of the Department of Agriculture]  
11 the commission in consultation with the associations  
12 representing the majority of the horse owners. All costs of the  
13 program shall be paid by the [commissions] appropriations  
14 allocated under section 304. [Subject to all provisions of the  
15 act of April 9, 1929 (P.L.177, No.175), known as "The  
16 Administrative Code of 1929," that apply to the department, the  
17 management committee shall appoint and direct all personnel as  
18 necessary, establish a facility or contract for the provision of  
19 testing services, acquire all necessary equipment and supplies  
20 and adopt all necessary procedures.]

21 \* \* \*

22 [(c) In order to evaluate the effectiveness of testing  
23 services performed by personnel of the Department of Agriculture  
24 and determine whether the manner in which these services are  
25 provided, the tests utilized and tolerance levels permitted  
26 should be modified, the commissions shall equally fund a  
27 contracted evaluation of existing laboratory services to be  
28 conducted by a nongovernmental entity with documented expertise  
29 to accurately evaluate existing laboratory services and  
30 formulate recommendations for improvement of the testing

1 program. Upon review of the evaluation results, the department  
2 may implement in consultation with the management committee a  
3 program to improve laboratory services, including, if necessary  
4 and appropriate, the selection of a contractor or contractors to  
5 provide testing services. This study shall be completed on or  
6 before January 1, 1987, and copies provided to the Governor, the  
7 President pro tempore of the Senate, the Speaker of the House of  
8 Representatives and the members of the State Government  
9 Committees of the Senate and the House of Representatives within  
10 15 working days.]

11 Section 6. Section 304 of the act is amended to read:

12 Section 304. Costs of the enforcement of the medication rules  
13 or regulations.

14 [All costs for the collection and testing samples for any  
15 manner of medication shall be paid by the commissions.]

16 ~~Annually, the commission shall issue a cost statement for the~~ <--  
17 ~~actual cost of the collection and testing for medication. The~~  
18 ~~cost statement shall include the cost of equipment, supplies and~~  
19 ~~facilities, except holding barns or stables, to be located at~~  
20 ~~horse race meeting facilities, grounds or enclosures or at other~~  
21 ~~locations designated by the commission. The cost statement shall~~  
22 ~~be published in the Pennsylvania Bulletin. Notwithstanding any~~  
23 ~~other provisions of law to the contrary, the Department of~~  
24 ~~Revenue shall transfer to the commission from the Pennsylvania~~  
25 ~~Race Horse Development Fund on a weekly basis an amount equal to~~  
26 ~~the costs associated with testing under this section for the~~  
27 ~~prior week. Transfers made by the Department of Revenue pursuant~~  
28 ~~to this section shall be made prior to any distribution from the~~  
29 ~~Pennsylvania Race Horse Development Fund pursuant to section~~  
30 ~~1723 A.1 of the act of April 9, 1929 (P.L.343, No.176), known~~

1 ~~as the Fiscal Code.~~ EACH YEAR, THE GENERAL ASSEMBLY SHALL  
 2 AUTHORIZE THE TRANSFER OF FUNDS FROM THE PENNSYLVANIA RACE HORSE  
 3 DEVELOPMENT FUND TO THE STATE RACING FUND TO PROVIDE FOR THE  
 4 ACTUAL COST OF COLLECTION AND TESTING FOR MEDICATION, WHICH  
 5 SHALL INCLUDE THE COST OF NECESSARY PERSONNEL, EQUIPMENT,  
 6 SUPPLIES AND FACILITIES, EXCEPT HOLDING BARNS OR STABLES TO BE  
 7 LOCATED AT HORSE RACE FACILITIES, GROUNDS OR ENCLOSURES OR AT  
 8 OTHER LOCATIONS DESIGNATED BY THE COMMISSION. THE TRANSFER SHALL  
 9 BE MADE IN MONTHLY INSTALLMENTS DURING THE FISCAL YEAR BEFORE  
 10 ANY OTHER DISTRIBUTION FROM THE PENNSYLVANIA RACE HORSE  
 11 DEVELOPMENT FUND. Transfers made under this section shall not  
 12 exceed 5% of the total funds available in the Pennsylvania Race  
 13 Horse Development Fund.

14 ~~Section 7. Notwithstanding any other law and no later than~~  
 15 ~~180 days after the effective date of this section, the State~~  
 16 ~~Horse Racing Commission and the State Harness Racing Commission~~  
 17 ~~shall cease to exist and the powers and duties of the State~~  
 18 ~~Horse Racing Commission and the State Harness Racing Commission~~  
 19 ~~shall be transferred to the State Horse Racing Commission~~  
 20 ~~established under this act. Prior to the transfer of the powers~~  
 21 ~~and duties of the State Horse Racing Commission and the State~~  
 22 ~~Harness Racing Commission to the State Horse Racing Commission,~~  
 23 ~~the following shall apply:~~

24 ~~(1) The following individuals shall be transferred to~~  
 25 ~~and shall become employees of the State Horse Racing~~  
 26 ~~Commission and their status as an employee of the Department~~  
 27 ~~of Agriculture shall cease:~~

28 ~~(i) An individual who is employed by the Department~~  
 29 ~~of Agriculture and assigned to the State Horse Racing~~  
 30 ~~Commission or the State Harness Racing Commission.~~

1           ~~(ii) An individual who is employed by the Department~~  
2           ~~of Agriculture and whose duties substantially involve~~  
3           ~~licensing or enforcement, the development of laws or the~~  
4           ~~development or adoption of regulations or policy related~~  
5           ~~to horse racing under the act or who have other~~  
6           ~~discretionary authority which may affect the outcome of~~  
7           ~~an action, proceeding or decision under the act.~~

8           ~~(2) Paragraph (1) shall not apply to any individual~~  
9           ~~assigned as legal counsel to a commission by the Office of~~  
10           ~~General Counsel or to human relations staff and~~  
11           ~~administrative staff of the Department of Agriculture not~~  
12           ~~permanently assigned to a commission but who provide support~~  
13           ~~to the commissions as requested.~~

14           ~~(3) An individual transferred under paragraph (1) shall~~  
15           ~~remain a State employee for purposes of 71 Pa.C.S. Pt. XXV~~  
16           ~~and the individual's service shall be considered continual~~  
17           ~~and uninterrupted.~~

18           ~~(4) Subject to the provisions of paragraph (10), on and~~  
19           ~~after the date of transfer to the State Horse Racing~~  
20           ~~Commission, a transferred employee shall be eligible for paid~~  
21           ~~holidays and the accrual of sick and annual leave and any~~  
22           ~~other leave in accordance with the policies of the~~  
23           ~~commission.~~

24           ~~(5) Sick and annual leave accrued by a transferred~~  
25           ~~employee prior to the date of transfer shall be transferred~~  
26           ~~based upon the accrued sick and annual leave balances~~  
27           ~~credited to the transferred employee by the Department of~~  
28           ~~Agriculture as of the day immediately preceding the~~  
29           ~~transferred employee's date of transfer.~~

30           ~~(6) The Department of Agriculture shall provide payment~~

1 ~~to the State Horse Racing Commission for the accrued sick and~~  
2 ~~annual leave time transferred under paragraph (5). Within 30-~~  
3 ~~days of the transfer of employees, the Department of-~~  
4 ~~Agriculture shall provide in writing to the State Horse-~~  
5 ~~Racing Commission all leave information requested by the-~~  
6 ~~commission for employees transferred under paragraph (1).~~

7 ~~(7) Subject to the provisions of paragraph (10), accrued~~  
8 ~~sick or annual leave which exceeds the maximum allowed by the-~~  
9 ~~policies of the State Horse Racing Commission in effect on-~~  
10 ~~the day immediately preceding the date of transfer and any-~~  
11 ~~other leave may not be transferred and credited. The-~~  
12 ~~Department of Agriculture shall provide a lump sum payment to-~~  
13 ~~an individual transferred under paragraph (1) for sick or-~~  
14 ~~annual leave and any other leave which is not transferred and-~~  
15 ~~credited under this paragraph.~~

16 ~~(8) Transferred employees and their dependents shall~~  
17 ~~continue to be eligible to:~~

18 ~~(i) Receive medical plan benefits, supplemental-~~  
19 ~~benefits and other benefits as determined by the trustees-~~  
20 ~~of the Pennsylvania Employees Benefits Trust Fund.~~

21 ~~(ii) Elect coverage upon retirement under the-~~  
22 ~~Retired Employees Health Program.~~

23 ~~(9) The Department of Agriculture shall be obligated and~~  
24 ~~required to provide a lump sum payment to the State Horse-~~  
25 ~~Racing Commission to underwrite or offset the cost of accrued-~~  
26 ~~Retired Employees Health Program and pension benefits.~~

27 ~~(10) All collective bargaining agreements and memoranda-~~  
28 ~~of understanding, including any side letters attendant to a-~~  
29 ~~collective bargaining agreement and memoranda of-~~  
30 ~~understanding, between the Commonwealth and an employee-~~

1 ~~organization covering employees transferred under paragraph~~  
2 ~~(1) shall remain in force and effect and binding upon the~~  
3 ~~State Horse Racing Commission. An employee transferred under~~  
4 ~~paragraph (1) who is covered by a collective bargaining~~  
5 ~~agreement or memorandum of understanding shall not be subject~~  
6 ~~to a reduction in salary, benefits or status derived from the~~  
7 ~~collective bargaining agreement or memorandum of~~  
8 ~~understanding as a result of the transfer.~~

9 ~~(11) The Department of Agriculture shall submit a report~~  
10 ~~to the chairman and minority chairman of the Appropriations~~  
11 ~~Committee of the Senate and the chairman and minority~~  
12 ~~chairman of the Appropriations Committee of the House of~~  
13 ~~Representatives containing the expenditures for compensation~~  
14 ~~and related expenditures for individuals who are transferred~~  
15 ~~under this section.~~

16 SECTION 7. THE DEPARTMENT OF AGRICULTURE'S PROVISION OF ANY <--  
17 SHARED ADMINISTRATIVE SERVICES, SHARED STAFF AND SHARED  
18 FACILITIES TO THE COMMISSION SHALL BE REIMBURSED FROM THE STATE  
19 RACING FUND AND SHALL BE LIMITED TO ACTUAL COSTS OF PROVIDING  
20 THE SERVICES, STAFF AND FACILITIES, INCLUDING SALARIES, BENEFITS  
21 AND EXPENSES OF EMPLOYEES PROVIDING THE SHARED ADMINISTRATIVE  
22 SERVICES. THE DEPARTMENT OF AGRICULTURE SHALL RETAIN RECORDS  
23 REGARDING ANY ADMINISTRATIVE SHARED SERVICE PROVIDED TO THE  
24 COMMISSION BY A DEPARTMENTAL EMPLOYEE.

25 Section 8. This act shall take effect as follows:

26 (1) The following provisions shall take effect  
27 immediately:

28 (i) Section 201-A of the act.

29 (ii) This section.

30 (2) The remainder of this act shall take effect in-180- <--

1 90 days.

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