

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

REFERRED TO AGRICULTURE AND RURAL AFFAIRS, JANUARY 28, 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  
25 have, unless the context clearly indicates otherwise, the

1 meanings given to them in this section:

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

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

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

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

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

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

23 "Commission." The State Horse Racing Commission.

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

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

30 "Commissioner." An individual appointed to and sworn in as a

1 member of the commission in accordance with section 201-A(c).

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

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

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

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

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

26 (2) A communication between the commission or a  
27 commissioner and legal counsel.

28 "Felony." As defined in 4 Pa.C.S. § 1213(4) (relating to  
29 license or permit prohibition).

30 "Financial interest." An ownership, property, leasehold or

1 other beneficial interest in an entity. The term shall not  
2 include an interest which is held or deemed to be held in any of  
3 the following:

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

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

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

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

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

24 "Horse racing." Standardbred horse racing and thoroughbred  
25 horse racing.

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

29 "Irrevocable clean letter of credit." A clean letter of  
30 credit which cannot be canceled or amended unless there is an

1 agreement to cancel or amend among all parties to the letter of  
2 credit.

3 "Land mile." A unit of distance equal to 1,609.3 meters or  
4 5,280 feet.

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

10 "Licensed advance deposit account wagering entity." A person  
11 licensed by the commission to conduct advance deposit account  
12 wagering and accept deposits and wagers, issue receipts or other  
13 confirmation to the account holder evidencing such deposits and  
14 wagers, and transfer credits and debits to and from accounts.

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

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

19 "Licensed entity representative." A person, including an  
20 attorney, agent or lobbyist, acting on behalf of or authorized  
21 to represent the interest of any applicant, licensee, permittee  
22 or other person authorized by the commission to engage in any  
23 act or activity regulated by the commission under this act  
24 regarding any matter before, or which may be reasonably expected  
25 to come before, the commission. The term shall include a person  
26 representing a horseman's organization or a horse breeder's  
27 organization.

28 "Licensed racing entity." Any person that has obtained a  
29 license to conduct live thoroughbred or harness horse race  
30 meetings respectively with pari-mutuel wagering from the

1 commission.

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

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

7 ["Nonprimary location statement." The written statement  
8 pursuant to this act submitted to the appropriate commission by  
9 a licensed corporation planning to establish a nonprimary  
10 location.]

11 "Ownership interest." Owning or holding, or being deemed to  
12 hold, debt or equity securities or other ownership interest or  
13 profit interest.

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

15 "Primary market area of a racetrack." The land area included  
16 in a circle drawn with the racetrack as the center and a radius  
17 of 35 land miles.

18 "Racetrack." The physical facility where a licensed  
19 [corporation] racing entity conducts thoroughbred or [harness]  
20 standardbred race meetings respectively with pari-mutuel  
21 wagering.

22 "Racetrack enclosure." For purposes of this act, the term  
23 "racetrack enclosure," with respect to each licensed  
24 [corporation] racing entity, shall be deemed to include at least  
25 one primary racetrack location at which horse race meetings  
26 authorized to be held by the licensed [corporation] racing  
27 entities are conducted, and all primary, nonprimary, contiguous  
28 and noncontiguous locations of the licensed [corporation] racing  
29 entity which are specifically approved by the [appropriate]  
30 commission for conducting the pari-mutuel system of wagering on

1 the results of horse [races] racing held at such meetings or  
2 race meetings conducted by another licensed [corporation] racing  
3 entity or televised to such locations by simulcasting.

4 "Secondary market area of a racetrack." The land area  
5 included in a circle drawn with the racetrack as the center and  
6 a radius of 50 land miles, not including the primary market area  
7 of the racetrack.

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

11 "Standardbred horse racing" or "harness racing." A form of  
12 horse racing in which the horses participating are attached "in  
13 harness" to a sulky or other similar vehicle, at a specific  
14 gait, either a trot or pace.

15 "Thoroughbred horse racing." The form of horse racing in  
16 which each participating horse is mounted by a jockey, is duly  
17 registered with The Jockey Club of New York and engages in horse  
18 racing on the flat, which may include a steeplechase or hurdle  
19 race.

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

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

25 [CHAPTER 2

26 STATE HORSE RACING COMMISSION AND STATE HARNESS

27 RACING COMMISSION

28 Section 201. Establishment of the commissions.

29 (a) The State Horse Racing Commission is hereby established  
30 as a departmental administrative commission within the

1 Department of Agriculture. The commission shall have general  
2 jurisdiction over all pari-mutuel thoroughbred horse racing  
3 activities in the Commonwealth and the corporations engaged  
4 therein. For the purposes of this act, "thoroughbred horse  
5 racing" means that form of horse racing in which each  
6 participating horse is mounted by a jockey, is duly registered  
7 with the Jockey Club, New York, New York and engages in races on  
8 the flat. Thoroughbred horse racing may include a steeplechase  
9 or hurdle race. The commission shall consist of three members  
10 who shall be appointed by the Governor, by and with the advice  
11 and consent of the Senate. Each commissioner shall hold office  
12 for a term of three years and until a successor is qualified.

13 (b) The State Harness Racing Commission is hereby  
14 established as a departmental administrative commission within  
15 the Department of Agriculture. The commission shall have general  
16 jurisdiction over all pari-mutuel harness racing activities in  
17 the Commonwealth and the corporations engaged therein. The  
18 commission shall consist of three members who shall be appointed  
19 by the Governor, by and with the advice and consent of the  
20 Senate. Each commissioner shall hold office for a term of three  
21 years and until a successor is qualified.

22 (c) The commissioners shall be reimbursed for documented  
23 expenses incurred in the performance of their official duties.  
24 The commissioners shall be paid \$150 per diem for performing  
25 their duties as directed by the Secretary of Agriculture. One of  
26 the commissioners for each commission shall be appointed by the  
27 Governor as chairperson. The commissioner appointed by the  
28 Governor as chairperson shall serve in that position at the  
29 pleasure of the Governor. The Secretary of Agriculture or his  
30 designee shall be a nonvoting ex officio member of the

1 commissions. The commissions shall meet at least once a month  
2 and at other times as the Secretary of Agriculture or the  
3 commission chairperson deems necessary. Adequate public notice  
4 of the time and place of the meetings shall be given. A  
5 commissioner who fails to attend three consecutive meetings  
6 shall be subject to removal. A commissioner shall be excused  
7 from meetings due to illness or death of an immediate family  
8 member. All commissioners shall be licensed under the provisions  
9 of section 213.

10 (d) Each commission shall engage an executive secretary,  
11 deputies, secretaries, officers and representatives as it may  
12 deem necessary, who shall serve during its pleasure. The  
13 commissions shall also engage other employees as they see fit  
14 and whose duties shall be prescribed by the commissions and  
15 whose compensation shall be fixed by the commissions within the  
16 appropriations available. Legal counsel for the commissions  
17 shall be appointed in accordance with the act of October 15,  
18 1980 (P.L.950, No.164), known as the "Commonwealth Attorneys  
19 Act." Each commission shall be subject to the provisions of the  
20 act of April 9, 1929 (P.L.177, No.175), known as "The  
21 Administrative Code of 1929," as to classification and  
22 compensation for all its employees.

23 (e) It shall be the duty of the executive secretary to keep  
24 a full and faithful record of the proceedings of the  
25 commissions, preserve at the general office of the commissions  
26 all books, maps, documents and papers entrusted to the executive  
27 secretary's care, prepare for service the papers and notices as  
28 may be required by the commissions and perform other duties as  
29 the commissions may prescribe. It shall be the duty of the  
30 executive secretary to keep, at the offices of the commissions,

1 a docket setting forth the names of all stockholders in all  
2 corporations licensed under this act, the number of shares held  
3 by each stockholder and the date on which each shareholder  
4 acquired stock in the licensed corporation. The docket shall be  
5 open for public inspection. It shall be the duty of the  
6 executive secretary to appear before the Appropriations  
7 Committees of the Senate and the House of Representatives for  
8 budgetary review and recommendations.

9 (f) The commissions or designated officers, employees or  
10 agents of the commissions shall have the power to administer  
11 oaths and examine witnesses and may issue subpoenas to compel  
12 attendance of witnesses and production of all relevant and  
13 material reports, books, papers, documents, correspondence and  
14 other evidence. The commissions shall, annually, make a full  
15 report to the Secretary of Agriculture of their proceedings for  
16 the preceding calendar year and suggestions and recommendations  
17 as they see fit. The commissions shall exercise their powers and  
18 duties in accordance with the provisions of "The Administrative  
19 Code of 1929."

20 (g) The terms and termination dates of the terms of the  
21 three commissioners who constitute the State Horse Racing  
22 Commission under the act of December 11, 1967 (P.L.707, No.331),  
23 referred to as the Pennsylvania Thoroughbred Horse Racing Law,  
24 shall continue under this act. Any commissioner whose term has  
25 already expired on the effective date of this act and who has  
26 not been replaced by a new member or has not been confirmed for  
27 another term, shall continue in his or her present status until  
28 replaced by a new member or confirmed for another term.

29 (h) The terms and termination dates of the terms of the  
30 three commissioners who constitute the State Harness Racing

1 Commission under the act of December 22, 1959 (P.L.1978,  
2 No.728), referred to as the Pennsylvania Harness Racing Law,  
3 shall continue under this act. Any commissioner whose term has  
4 already expired on the effective date of this section and who  
5 has not been replaced by a new member or has not been confirmed  
6 for another term, shall continue in his or her present status  
7 until replaced by a new member or confirmed for another term.

8 (i) All rules and regulations promulgated under the  
9 provisions of the Pennsylvania Thoroughbred Horse Racing Law and  
10 the Pennsylvania Harness Racing Law shall remain in effect  
11 except to the extent that they are in direct conflict with the  
12 provisions of this act. The commissions may amend, revise or  
13 alter these rules and regulations as they deem necessary.

14 (j) All licenses issued under the provisions of section 11  
15 of the Pennsylvania Thoroughbred Horse Racing Law and under the  
16 provisions of section 9 of the Pennsylvania Harness Racing Law,  
17 shall remain in effect for the remainder of the term for which  
18 these licenses were issued. After these licenses have expired,  
19 all renewals or new licenses shall be issued under the  
20 provisions of this act.

21 (k) All licenses issued to corporations under the provisions  
22 of section 7 of the Pennsylvania Thoroughbred Horse Racing Law  
23 and under the provisions of section 7 of the Pennsylvania  
24 Harness Racing Law, shall continue with the same force and  
25 effect and shall be governed by the provisions of section 209.  
26 Section 202. General powers of the commissions.

27 (a) The State Horse Racing Commission shall have the power  
28 to supervise all thoroughbred horse race meetings at which pari-  
29 mutuel wagering is conducted. The State Harness Racing  
30 Commission shall have the power to supervise all harness horse

1 racing meetings at which pari-mutuel wagering is conducted. The  
2 commissions may adopt rules and regulations to effect the  
3 purposes and provisions of this act.

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

6 (1) Each commission shall have power to fix a minimum  
7 charge for admission to horse race meetings at which pari-  
8 mutuel wagering is conducted, but the minimum charge shall  
9 not be less than 50¢ for general admission, exclusive of  
10 taxes. The commissions shall have power to fix the charge for  
11 admission of soldiers, sailors and marines, in uniform, at  
12 one-half of the amount fixed for general admission, whether  
13 or not the one-half of the amount fixed is less than the  
14 minimum prescribed therein.

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

18 (3) The rules of the commissions shall also provide that  
19 all winning pari-mutuel tickets must be presented for payment  
20 before April 1 of the year following the year of their  
21 purchase and failure to present the ticket within the  
22 prescribed period of time shall constitute a waiver of the  
23 right to participate in the award. After April 1 of the year  
24 following, all licensed corporations will forward to the  
25 State Treasurer through the Department of Revenue for credit  
26 to the State Racing Fund all funds so held for the uncashed  
27 tickets. Where it is shown to the satisfaction of the  
28 appropriate commission and the Department of Revenue, through  
29 substantiated and recorded data, that the reason for the  
30 pari-mutuel ticket or tickets being outstanding and unclaimed

1 is loss, misplacement or theft within the confines and  
2 control of the pari-mutuel department of any licensed  
3 corporation and it is shown to the satisfaction of the  
4 appropriate commission and the Department of Revenue that the  
5 pari-mutuel ticket or tickets in question have been cashed by  
6 the pari-mutuel department, the Department of Revenue, with  
7 the approval of the appropriate commission, may adjust and  
8 credit the licensed corporation's outstanding ticket account  
9 accordingly on March 31 of the year following the year of  
10 purchase or after a complete audit of the outstanding tickets  
11 accounts have been performed. The licensed corporation shall  
12 reimburse any employee who has been held personally  
13 accountable and paid for the lost, misplaced or stolen  
14 tickets.

15 (4) The commissions may adopt a general promotion  
16 program to assist the licensed corporations in increasing  
17 their attendance and average daily handle. Any expenditures  
18 for a promotional program shall be authorized and approved in  
19 the same manner as other operational costs of the  
20 commissions.

21 (5) In the event that a state bordering Pennsylvania  
22 enacts a wagering tax scheme that may place Pennsylvania  
23 horse race meetings at a competitive disadvantage in the  
24 purses that can be offered for horse races, a licensed  
25 corporation may petition the appropriate commission for an  
26 emergency financial grant to augment its purse structure. If  
27 the appropriate commission finds that the effect of the  
28 enacted wagering tax scheme of a bordering state is to place  
29 Pennsylvania horse race meetings at a competitive  
30 disadvantage in purse structure, the appropriate commission

1 shall make an emergency financial grant to the petitioning  
2 licensed corporation for augmentation to its purse structure  
3 out of moneys that the commission has budgeted for this  
4 purpose; provided, however, that the Secretary of Agriculture  
5 and the Secretary of the Office of Budget and Administration  
6 have also agreed to the grant.

7 (c) The State Harness Racing Commission shall have  
8 jurisdiction over and shall promulgate regulations as necessary  
9 for the proper administration of all racing conducted by a  
10 county agricultural society or an independent agricultural  
11 society, as provided for under section 5(1)(iii) and (iv) of the  
12 act of July 8, 1986 (P.L.437, No.92), known as the "Pennsylvania  
13 Agricultural Fair Act."  
14 Section 203.

15 (c) No corporation shall have the right to conduct any horse  
16 race meet except on obtaining a license from the appropriate  
17 commission and at the location or locations designated in its  
18 license or any amendment thereto or as approved at any time by  
19 the commission as the place or places at which it was proposed  
20 to conduct its business. This restriction shall not apply to any  
21 corporation whose racing plant or usefulness, in the discretion  
22 of the appropriate commissions, shall, for any reason beyond the  
23 control of the corporation, be totally destroyed or so  
24 substantially interfered with as to render same unfit for  
25 continued operation. Pending the rebuilding or restoration of  
26 its usefulness, or the making of the required repairs to the  
27 plant or the part destroyed or damaged, the commissions may  
28 license such corporation to conduct its horse race meetings at  
29 any other suitable location.

30 Section 204. Filing of information concerning stock transfers;

1 necessity for commissions' approval.

2 (a) Whenever a transfer of stock comprising an interest of  
3 5% or more in any licensed corporation, or comprising an  
4 interest of 5% or more in any corporation which leases to a  
5 licensed corporation the track facility at which it conducts  
6 pari-mutuel horse races or comprising an interest of 5% or more  
7 in any corporation which owns 25% or more of the stock of the  
8 licensed corporation shall be made, there shall be filed,  
9 simultaneously, with the corporation which issued such stock the  
10 following:

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

14 (i) has been convicted of a crime involving moral  
15 turpitude;

16 (ii) has been engaged in bookmaking or other forms  
17 of illegal gambling;

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

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

24 (v) has violated any rule, regulation or order of  
25 the commissions.

26 If the transferee of the interest is not, or is not to be,  
27 the sole beneficial owner, there shall be annexed to the  
28 affidavit of the transferee, and expressly stated in such  
29 affidavit, a true and complete copy of all terms of the  
30 agreement pursuant to which the interest in the corporation

1 is to be held by the transferee, including a detailed  
2 statement of the interest of each person who is to have any  
3 interest therein.

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

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

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

11 (iii) has been found guilty of any fraud or  
12 misrepresentation in 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 such jurisdiction; or

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

19 To each of the affidavits shall be annexed, and expressly  
20 stated in such affidavit, a true and complete copy of all the  
21 terms of the agreement pursuant to which the interest is to  
22 be held by the transferee, including a detailed statement of  
23 the interest of each person who is to have any interest  
24 therein. The corporation shall file with the appropriate  
25 commission one of each duplicate affidavits.

26 (b) If, after the filing of any affidavit required to be  
27 filed, there shall be any change in the status of any affiant  
28 with respect to any of the matters set forth in subsection (a)  
29 (1) of the affidavit filed, the affiant shall file with the  
30 corporation with which his affidavit was so filed a new

1 affidavit, executed by him in duplicate, setting forth the  
2 change of status and the corporation shall file one of these  
3 affidavits with the appropriate commission.

4 (c) Whenever any change shall be made in the amount, nature  
5 or of the interest of any person having an interest of 5% or  
6 more in any corporation, or any new interest of 5% or more shall  
7 be created therein, without a transfer as provided, the record  
8 owner of the stock, and each person whose interest has been  
9 attempted to be changed or created, shall file with the  
10 corporation which issued the stock, in duplicate, affidavits as  
11 provided by subsection (a)(1) and (2), except that these  
12 affidavits need not include the matter referred to in subsection  
13 (a) unless then required pursuant to subsection (b) and one copy  
14 thereof shall be filed by the corporation with the appropriate  
15 commission.

16 (d) If the appropriate commission determines that it is  
17 inconsistent with the public interest, convenience, or  
18 necessity, or with the best interest of racing generally, that  
19 any person continue to be a stockholder of record, or the  
20 beneficial owner of any interest in stock standing in the name  
21 of another in any licensed corporation or of any corporation  
22 which leases to such licensed corporation the track at which it  
23 conducts pari-mutuel horse racing or which owned 25% or more of  
24 the stock of the licensee, the appropriate commission shall have  
25 full power and authority to order each stockholder or beneficial  
26 owner to dispose of his stock or interest within a period of  
27 time to be specified by the appropriate commission, which period  
28 the appropriate commission shall have full power to extend.

29 (e) If the commissions shall make any order or direction as  
30 provided in subsection (d), the person aggrieved shall be given

1 notice of the time and place of a hearing before the appropriate  
2 commission, at which time the appropriate commission will hear  
3 the person in reference thereto.

4 Section 205. Number of horse racing corporations.

5 (a) No more than six corporations shall be licensed by the  
6 State Horse Racing Commission to conduct a pari-mutuel meet or  
7 meets. No corporation licensed under this act to conduct harness  
8 racing with pari-mutuel wagering or under the act of December  
9 22, 1959 (P.L.1978, No.728), referred to as the Pennsylvania  
10 Harness Racing Law, shall be licensed to conduct thoroughbred  
11 horse racing with pari-mutuel wagering.

12 (b) No more than five corporations shall be licensed by the  
13 State Harness Racing Commission to conduct a pari-mutuel meet or  
14 meets. No corporation licensed under this act to conduct  
15 thoroughbred horse racing with pari-mutuel wagering or under the  
16 act of December 11, 1967 (P.L.707, No.331), referred to as the  
17 Pennsylvania Thoroughbred Horse Racing Law, shall be licensed to  
18 conduct harness horse racing with pari-mutuel wagering.

19 Section 206. Responsibilities of the Department of Revenue.

20 The Department of Revenue is charged with the financial  
21 administration of pari-mutuel wagering under this act, as  
22 supplemented by the rules and regulations of the commissions.  
23 The Department of Revenue shall have authority to prescribe the  
24 forms and the system of accounting to be employed, and through  
25 its representatives shall, at all times, have power of access  
26 to, and examination of, any equipment relating to such wagering.

27 Section 207. Allocation of racing days.

28 (a) Up to 125 but no less than 25 racing days shall be  
29 allocated to each licensed corporation conducting thoroughbred  
30 horse race meetings in any calendar year; except, that upon

1 request, the State Horse Racing Commission may grant up to an  
2 additional 25 racing days over the 125 days to a licensed  
3 corporation in each calendar year, if racing meet schedules can  
4 accommodate these extra days. Whenever two or more corporations  
5 licensed to conduct racing at the same facility apply to the  
6 State Horse Racing Commission for an allocation of racing days  
7 at the same facility, the commission shall allocate the racing  
8 days in the following manner:

9           (1) If there is an agreement between the licensed  
10 corporations as to the allocation of racing days then as  
11 provided for therein.

12           (2) If there is no agreement between the licensed  
13 corporations as to the allocation of racing days, then  
14 equally between them.

15           (b) No more than 125 racing days shall be allocated to each  
16 licensed corporation conducting harness horse race meetings in  
17 any calendar year. Every corporation shall hold its license  
18 under the provisions of section 209. The State Harness Racing  
19 Commission shall allocate the racing days in accordance with the  
20 following guidelines:

21           (1) A licensed corporation that has an ownership  
22 interest in the facility at which the racing days are to be  
23 conducted shall be granted up to 125 racing days in any  
24 calendar year upon request to the State Harness Racing  
25 Commission. The State Harness Racing Commission shall grant  
26 all racing days requested by licensed corporations described  
27 in this paragraph before any other racing days are granted to  
28 any other licensed corporation that desires to conduct a meet  
29 at the same facility owned in part or in whole by a licensed  
30 corporation that also desires to conduct a meet there.

1           (2) Whenever one or more licensed corporations that have  
2 an ownership interest in the facility at which the racing  
3 days are to be conducted apply to the State Harness Racing  
4 Commission for an allocation of racing days, the State  
5 Harness Racing Commission shall allocate an equal number of  
6 racing days to each licensed corporation or to each licensed  
7 corporation based upon an agreement between the licensed  
8 corporations as to the allocation of racing days.

9           (3) Upon request the State Harness Racing Commission may  
10 grant up to an additional 25 racing days over the 125 racing  
11 days to a licensed corporation in each calendar year, and the  
12 commission may grant up to 50 additional days of racing if  
13 that corporation is the only corporation operating at the  
14 facility, if racing meet schedules can accommodate these  
15 extra racing days.

16           (4) For purposes of this section, an ownership interest  
17 shall mean that a licensed corporation directly or through a  
18 parent or subsidiary has at least 35% equity interest in the  
19 track facility at which it conducts harness horse race  
20 meetings or is the primary tenant at such facility. For  
21 purposes of this subsection, a primary tenant shall be that  
22 licensed corporation, if any, which is a tenant conducting  
23 horse race meetings at a track facility at which no licensed  
24 corporation conducting horse race meetings has directly or  
25 through a parent or subsidiary at least a 35% equity interest  
26 in such facility, and if there is more than one such tenant  
27 at any such facility during the year prior to the year for  
28 which dates are requested, then among or between such tenants  
29 the primary tenant, if any, shall be designated by agreement  
30 among or between those licensed corporations which propose to

1       conduct horse race meetings at the said track facility during  
2       the year for which dates are requested.

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

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

7           (2) the names and addresses of the presidents and  
8 general managers of the corporations;

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

11          (4) the number of racing days allocated to each  
12 corporation; and

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

15       (d) If a racing day is cancelled by a licensed corporation  
16 for reasons beyond its control, the appropriate commission shall  
17 grant the licensed corporation the right to conduct that racing  
18 day in the same or the next ensuing calendar year, if schedules  
19 permit. The racing day for purposes of taxation under section  
20 222 shall be at the lowest tax rate at which the licensed  
21 corporation conducted a racing day during that year.

22 Section 208. State admissions taxes.

23       (a) Every corporation holding a thoroughbred horse race  
24 meeting under this act shall collect, in addition to the  
25 admission price of tickets sold or otherwise disposed of, for  
26 each meeting held by the corporation, a tax equivalent to 15% of  
27 the admission price, or 15¢ whichever is greater. In case of  
28 failure to collect the tax, the tax shall be imposed upon the  
29 corporation holding the race meeting. The tax shall be paid to  
30 the Department of Revenue within ten days of collection. The

1 amounts collected shall be paid into the State Treasury to the  
2 credit of the State Racing Fund. Before any corporation liable  
3 to pay the tax shall hold any race meeting, or exercise any of  
4 the powers conferred by this act, the corporation shall pay all  
5 taxes due, and shall file a statement with the Department of  
6 Revenue containing the name of the place and stating the time  
7 when the races are to be held. Nothing in this section shall  
8 apply to a race meeting conducted by any state, county or other  
9 agricultural association. Retroactive to September 1, 1981 and  
10 thereafter, the admission tax shall be decreased to a tax  
11 equivalent to 10% of the admission price. Then on September 1,  
12 1982 and thereafter, the admission tax shall be decreased to a  
13 tax equivalent to 5% of the admission price.

14 (b) Every corporation holding a harness horse race meeting  
15 shall collect, in addition to the admission price of tickets  
16 sold or otherwise disposed of, for each such meeting held by the  
17 corporation, a tax equivalent to 5% of the admission price. In  
18 case of failure to collect the tax, the tax shall be imposed  
19 upon the corporation holding the race meeting. The tax shall be  
20 paid to the Department of Revenue within ten days after the  
21 close of each race meeting. The amounts collected shall be paid  
22 into the State Treasury to the credit of the State Racing Fund.  
23 Before any corporation liable to pay the tax shall hold any race  
24 meeting, or exercise any of the powers conferred by this act,  
25 the corporation shall pay all taxes due and file a statement  
26 with the Department of Revenue containing the name of the place  
27 and stating the time when the races are to be held. Nothing in  
28 this section shall apply to a race meeting conducted by any  
29 state, county or other agricultural association.

30 (c) The Department of Revenue shall have the power to

1 examine the books and records of the corporation conducting any  
2 horse race meeting and may hear testimony and take proofs and  
3 material for its information, or from any other data which shall  
4 be satisfactory to it. The Department of Revenue may order and  
5 state an account for the tax due the State, together with the  
6 expense of such examination. A penalty of 5% and interest at the  
7 rate of 1% per month from the due date to the date of payment of  
8 the tax shall be payable in case any tax imposed by this section  
9 is not paid when due.

10 Section 209. Licenses for horse race meetings.

11 (a) Any corporation desiring to conduct horse race meetings  
12 at which pari-mutuel wagering shall be permitted may apply to  
13 the appropriate commission for a license. The license gives its  
14 holder the privilege to conduct horse race meetings at which  
15 pari-mutuel wagering is permitted. The license does not give its  
16 holder a property right. If, in the judgment of the appropriate  
17 commission, the public interest, convenience or necessity will  
18 be served and a proper case for the issuance of the license is  
19 shown, the appropriate commission may issue the license. The  
20 license shall remain in effect so long as the licensed  
21 corporation complies with all conditions, rules and regulations  
22 and provisions of this act. A commission may revoke or suspend  
23 the license of any corporation, if the commission finds by a  
24 preponderance of the evidence that the corporation, its  
25 officers, employees or agents, has not complied with the  
26 conditions, rules, regulations and provisions of this act and  
27 that it would be in the public interest, convenience or  
28 necessity to revoke or suspend the license. A license is not  
29 transferable.

30 (b) Every license shall be issued upon the following

1 conditions:

2 (1) A horse race meeting at which pari-mutuel wagering  
3 is conducted is subject to the supervision of and to the  
4 reasonable rules and regulations prescribed by the  
5 appropriate commission.

6 (2) Pari-mutuel wagering conducted is also subject to  
7 the supervision of and to the reasonable regulations  
8 prescribed by the Department of Revenue. Any license may also  
9 be issued upon any other condition that the appropriate  
10 commission determines to be necessary or desirable to insure  
11 that the public interest, convenience or necessity is served.

12 (3) The corporation can prove by a preponderance of the  
13 evidence that it has obtained the use of a facility to  
14 conduct horse race meetings. The proof may be demonstrated by  
15 documentation of an ownership interest in the facility or by  
16 a written lease for use of the facility. For purposes of this  
17 paragraph, an ownership interest shall mean that a licensed  
18 corporation directly or through a parent or subsidiary has at  
19 least a 35% equity interest in the track facility at which it  
20 conducts horse race meetings or is the primary tenant at such  
21 facility. For purposes of this paragraph, a primary tenant  
22 shall be that licensed corporation, if any, which is a tenant  
23 conducting horse racing meetings at a track facility at which  
24 no licensed corporation conducting horse race meetings has  
25 directly or through a parent or subsidiary at least a 35%  
26 equity interest in such facility, and if there is more than  
27 one such tenant at any such facility during the year prior to  
28 the year for which dates are requested, then among or between  
29 such tenants the primary tenant, if any, shall be designated  
30 by agreement among or between those licensed corporations

1       which propose to conduct horse race meetings at the said  
2       track facility during the year for which dates are requested.

3           (4) The corporation posts, in favor of the appropriate  
4       commission, a bond or irrevocable letter of credit in an  
5       amount equal to the sum of the corporation's average weekly  
6       payment, during active racing, into the State Racing Fund, as  
7       determined by the appropriate commission on the basis of the  
8       immediately preceding year, during the year for which dates  
9       are requested.

10          (5) The licensed corporation prints in its racing  
11       programs the procedure for filing a complaint with the  
12       appropriate commission.

13       (c) Applications for licenses shall be in the form  
14       prescribed by the appropriate commission and shall contain  
15       information, material or evidence as the appropriate commission  
16       may require. The term "racing week" shall include Sunday at the  
17       discretion of the licensed corporation.

18       (d) In considering an application for a license to a  
19       corporation, the commissions may give consideration to the  
20       number of licenses already granted. No license shall be granted  
21       to any track located within ten miles of a State, county or  
22       other political subdivision fair conducting horse racing unless  
23       the association, corporation, society, political subdivision or  
24       State agency conducting the fair shall affirmatively waive  
25       objection to the issuance of the license for dates within the  
26       period.

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

29           (1) Any officer, director, member or stockholder of the  
30       corporation applying for a license or of any corporation

1 which owns stock in or shares in the profits, or participates  
2 in the management of the affairs of the applicant, or which  
3 leases to the applicant the track where it shall operate:

4 (i) has been convicted of a crime involving moral  
5 turpitude;

6 (ii) has engaged in bookmaking or other forms of  
7 illegal gambling;

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

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

14 (v) has violated any rule, regulation or order of  
15 the commissions.

16 (2) The experience, character or fitness of any officer,  
17 director or stockholder of any of the corporations is such  
18 that the participation of the person in horse racing or  
19 related activities would be inconsistent with the public  
20 interest, convenience or necessity or with the best interests  
21 of racing. If the commission determines that the interest of  
22 any stockholder referred to in this paragraph or in paragraph  
23 (1) is insufficient to affect adversely the conduct of pari-  
24 mutuel horse racing by the corporation in accordance with the  
25 provisions of this act, the commissions may disregard the  
26 interest in determining whether or not to grant a license to  
27 the corporation.

28 (3) The applicant is not the owner or the lessee of the  
29 track at which it will conduct pari-mutuel horse racing under  
30 the license applied for, or that any person, firm,

1 association or corporation other than the applicant shares,  
2 or will share, in the profits of the applicant, other than by  
3 dividends as a stockholder, or participates, or will  
4 participate in the management of the affairs of the  
5 applicant.

6 (4) The corporation does not have the use of a facility  
7 to conduct horse race meetings. Such use must be proved by a  
8 preponderance of the evidence. The proof may be demonstrated  
9 by documentation of an ownership interest in the facility or  
10 by a written lease for use of the facility.

11 (5) A licensed corporation does not have proof of a  
12 written lease of a facility to conduct horse race meetings.  
13 Under this paragraph, the appropriate commission may suspend  
14 a license for a period of two years. After the expiration of  
15 the suspension, the appropriate commission may then revoke  
16 the license, if the licensed corporation has failed to  
17 contract for a facility at which to conduct horse race  
18 meetings.

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

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

24 (1) To any corporation, the charter or certificate of  
25 incorporation of which shall fail to contain a provision  
26 requiring any stockholder, upon written demand of the  
27 corporation, to sell his stock to the corporation at a price  
28 to be fixed by the appropriate commission, provided the  
29 demand be made pursuant to written direction of the  
30 appropriate commission and from the date of the making of the

1 demand prohibiting the transfer of the certificate of stock  
2 except to the corporation.

3 (2) To any corporation which, having been a licensee,  
4 has failed, in the opinion of the appropriate commission, to  
5 properly maintain its track and plant in good condition or  
6 has failed to make adequate provision for rehabilitation and  
7 capital improvements to its track and plant.

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

12 (h) The commissions shall have power to direct that every  
13 certificate of stock of a licensed corporation shall bear a  
14 legend, plainly and prominently imprinted upon the face of the  
15 certificate, reading: "This certificate of stock is transferable  
16 only subject to the provisions of the 'Race Horse Industry  
17 Reform Act'." The provisions of this subsection shall not apply  
18 to stock heretofore issued by a licensed corporation under the  
19 provisions of the act of December 11, 1967 (P.L.707, No.331), as  
20 amended, and referred to as the Pennsylvania Thoroughbred Horse  
21 Racing Law or of the act of December 22, 1959 (P.L.1978,  
22 No.728), as amended, and referred to as the Pennsylvania Harness  
23 Racing Law.

24 Section 210. Shareholders.

25 (a) Each licensed corporation shall, once a year, provide  
26 the appropriate commission with a complete list of all its  
27 shareholders, indicating the number of shares by each  
28 shareholder.

29 (b) It shall be the duty of each licensed corporation within  
30 ten days after any transfer of stock comprising an interest of

1 5% or more in such licensee, to notify the appropriate  
2 commission of the transfer.

3 (c) Each certificate of stock issued by a licensed  
4 corporation to a shareholder having a 5% or greater interest  
5 shall have noted on the face thereof that the person whose name  
6 is indicated as the owner of such shares of stock by the  
7 certificate is the sole and absolute owner, and that he is not  
8 holding such shares of stock or any portion of such shares of  
9 stock represented by the certificate in trust for any person,  
10 partnership, firm or corporation who or which is prohibited from  
11 owning such shares of stock. If any of such shares of stock  
12 represented by a certificate of stock are held subject to the  
13 terms of either an inter vivos or testamentary trust for the  
14 benefit of any person who could lawfully own such stock in his  
15 own name, the fact shall be noted on the face of the certificate  
16 and a copy of the instrument which created the trust shall be  
17 attached. A duplicate copy of the instrument which created the  
18 trust shall be filed with the appropriate commission.

19 (d) No property rights shall exist in any shares of stock of  
20 any licensed corporation which are held in trust contrary to the  
21 provisions of this section and the same shall be forfeited to  
22 the Commonwealth after reasonable notice and upon hearing and  
23 proof thereof in any suit instituted by the Attorney General of  
24 Pennsylvania. Upon it being established that the stock is  
25 subject to forfeiture by legal adjudication, the appropriate  
26 commission shall sell the forfeited stock at public sale, upon  
27 proper notice, to the highest bidder. The proceeds from the sale  
28 shall be deposited in the General Fund of the Commonwealth of  
29 Pennsylvania.

30 (e) As used in this section, the term "licensed corporation"

1 shall include any licensed corporation as defined in section 102  
2 and also any firm, association or corporation which owns or  
3 leases to any licensed association or corporation a race track  
4 at which pari-mutuel racing is conducted, or any firm,  
5 association or corporation which participates in the management  
6 of any such licensed corporation.

7 Section 211. Prohibition of interest by public officers, public  
8 employees and party officers in pari-mutuel racing  
9 activities.

10 (a) No public officer, public employee or party officer  
11 shall:

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

14 (2) own or hold, directly or indirectly, any proprietary  
15 interest, stock or obligation of any firm, association or  
16 corporation:

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

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

22 (iii) which owns or leases to any licensed  
23 association or corporation a race track at which pari-  
24 mutuel racing is conducted; or

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

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

29 (4) sell or be a member of a firm or own 10% or more of  
30 the stock of any corporation which sells any goods or

1 services to any firm, association or corporation specified in  
2 paragraph (2).

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

9 (b) A knowing and willful violation of this section shall be  
10 cause for removal from public office, public employment or party  
11 office. In any such case, the public officer, public employee or  
12 party officer, violating this section, shall be removed from  
13 office by appropriate authority having the power of removal.

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

17 "Party officer." The following members or officers of any  
18 political party:

19 (1) a member of a national committee;

20 (2) a chairman, vice-chairman, secretary, treasurer or  
21 counsel of a State committee or member of the executive  
22 committee of a State committee;

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

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

27 "Public employee." Every person employed by the Commonwealth  
28 or any political subdivision thereof.

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

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

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

10 Section 212. Officials at horse race meetings.

11 (a) At all thoroughbred horse race meetings licensed by the  
12 State Horse Racing Commission, qualified judges and starters  
13 shall be approved by the commission. These officials shall  
14 enforce the rules and regulations of the State Horse Racing  
15 Commission and shall render written reports of the activities  
16 and conduct of such race meetings to the State Horse Racing  
17 Commission. The compensation of these judges and starters shall  
18 be paid by the corporation conducting the race meeting.

19 (b) At all harness race meetings licensed by the State  
20 Harness Racing Commission, qualified judges and starters shall  
21 be approved by the commission. No person shall be approved as a  
22 judge or starter unless he is licensed by the United States  
23 Trotting Association as a duly qualified pari-mutuel race  
24 meeting official. The officials shall enforce the rules and  
25 regulations of the State Harness Racing Commission and shall  
26 render regular written reports of the activities and conduct of  
27 the race meetings to the State Harness Racing Commission. The  
28 compensation of the presiding judge and two associate judges at  
29 each race track shall be fixed and paid by the State Harness  
30 Racing Commission. The commission shall adopt a selection

1 process to approve the appointment of these officials. The  
2 licensed corporations shall participate in this selection  
3 process for approval of these officials.

4 Section 213. Licenses for commissioners, employees and  
5 participants at horse race meetings.

6 (a) Each commission shall license trainers, jockeys,  
7 drivers, persons participating in thoroughbred and harness horse  
8 race meetings, horse owners and all other persons and vendors  
9 exercising their occupation or employed at thoroughbred and  
10 harness horse race meetings. The license gives its holder a  
11 privilege to engage in the specified activity, but the license  
12 does not give its holder a property right. Licenses are not  
13 transferable. Each commission shall fix the license fees to be  
14 paid by persons or corporations so licensed; provided, however,  
15 that such occupational license fees shall not exceed \$100. All  
16 fees shall be paid to the commissions and by them paid into the  
17 State Treasury through the Department of Revenue and credited to  
18 the State Racing Fund. The application shall be in the form and  
19 contain the information as each commission may require.  
20 Applicants must have their fingerprints taken or have  
21 fingerprint records on file with the respective commission, the  
22 Federal Bureau of Investigation, the State Police or any other  
23 organization recognized by the respective commission as part of  
24 the background investigation. Each commission may exempt  
25 applicants from the fingerprint requirement for positions not  
26 related to the care or training of horses, racing, wagering,  
27 security or the management operations of the racing corporation  
28 or racetrack. All licenses shall be issued for three-year terms  
29 and shall be automatically renewed, upon payment of the required  
30 fee, unless subsection (f) applies. Each commission may

1 establish a temporary license and fee valid for four months  
2 within a twelve-month period. No applicant, however, may receive  
3 more than one temporary license within 12 months of the issuance  
4 of his or her preceding temporary license. The commissions may  
5 also stagger the termination dates and renewal dates of the  
6 licenses, in order to process and issue the licenses in an  
7 orderly manner that provides for approximately one-third of the  
8 licenses to be renewed each year. The commissions shall fix the  
9 manner by which licenses are processed and issued by rule or  
10 regulation.

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

16 (c) If the commissions find that the experience, character  
17 and general fitness of the applicant are such that the  
18 participation of the person in horse race meets is consistent  
19 with the public interest, convenience and necessity, and with  
20 the best interests of racing generally in conformity with the  
21 purposes of this act, it may grant a license.

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

24 (1) Has been convicted of a crime involving moral  
25 turpitude.

26 (2) Has engaged in bookmaking or other form of illegal  
27 gambling.

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

30 (4) Has been found guilty of any violation or attempt to

1 violate any law, rule or regulation of racing in any  
2 jurisdiction, for which suspension from racing might be  
3 imposed in that jurisdiction.

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

6 (d.1) The commissions shall refuse to issue a license under  
7 this section if they shall find that the applicant has been  
8 convicted of an offense relating to fixing races. This  
9 subsection shall not apply if the conviction is overturned on  
10 appeal under the laws of the jurisdiction of the original  
11 finding.

12 (e) Each commission shall have the right to inspect all  
13 contracts between licensed corporations and vendors for goods  
14 and services. Each commission shall require by rule or  
15 regulation that vendors disclose to the appropriate commission  
16 all principal officers and a description of their interests in  
17 the vendors' business. Failure to properly disclose this  
18 information shall constitute grounds to deny, to revoke or to  
19 suspend any vendor's license issued under the provisions of this  
20 act.

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

23 (1) The applicant or licensee:

24 (i) has been convicted of a crime involving moral  
25 turpitude;

26 (ii) has engaged in bookmaking or other form of  
27 illegal gambling;

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

30 (iv) has been guilty of any violation or attempt to

1 violate any law, rule or regulation of any racing  
2 jurisdiction for which suspension from racing might be  
3 imposed in that jurisdiction;

4 (v) has violated any rule, regulation or order of  
5 the commissions; or

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

8 (2) That the experience, character or general fitness of  
9 any applicant or licensee is such that the participation of  
10 the person in horse racing or related activities would be  
11 inconsistent with the public interest, convenience or  
12 necessity or with the best interests of racing.

13 (f.1) The commissions shall suspend, refuse to renew or  
14 revoke a license issued under this section if it shall determine  
15 that the applicant or licensee has been convicted of an offense  
16 related to fixing races unless the conviction has been  
17 overturned on appeal under the laws of the jurisdiction of the  
18 original finding.

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

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

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

29 Section 214. Power of commissions to impose fines and  
30 penalties.

1 (a) In addition to their power to suspend or revoke licenses  
2 granted by them, the commissions are authorized and empowered to  
3 impose fines upon any corporation, association or person  
4 participating in any way in any horse race meet at which pari-  
5 mutuel wagering is conducted, other than as a patron and whether  
6 licensed by the commissions or not, for a violation of any  
7 provision of this act or the rules and regulations promulgated  
8 by the commissions, not exceeding \$5,000 for each violation,  
9 which fines shall be paid into the State Treasury through the  
10 Department of Revenue and credited to the General Fund.  
11 Following exhaustion of any administrative remedies promulgated  
12 by the commissions for such purpose, the action of the  
13 commissions in imposing any monetary fine shall be subject to  
14 appeal to the Commonwealth Court and as approved by that court  
15 system, or if no court appeal is taken, then as imposed, may be  
16 collected in an action of assumpsit.

17 (b) No officer or employee of a licensed corporation or  
18 their spouses, parents, fathers-in-law, mothers-in-law, sons,  
19 daughters, sons-in-law or daughters-in-law shall have any direct  
20 or indirect interest in a race horse that is participating in a  
21 race at a meet at which such person or heretofore-mentioned  
22 relative holds any interest in the licensed corporation  
23 conducting the meet and/or the track facility. An officer or  
24 employee of a licensed corporation or their spouses, parents,  
25 fathers-in-law, mothers-in-law, sons, daughters, sons-in-law or  
26 daughters-in-law may have an interest in a race horse and enter  
27 it at meets that are conducted by licensed corporations or at  
28 race tracks in which such a person or heretofore-mentioned  
29 relative holds no direct or indirect interest. Each commission  
30 shall impose a fine or penalty upon any person for violation of

1 this subsection as provided for under subsection (a). For  
2 purposes of this subsection an interest shall not include:

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

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

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

10 (a) The commissions and any licensed corporations are  
11 authorized and empowered to employ persons as security  
12 personnel. These persons shall possess the powers and duties of  
13 a peace officer with respect to the enforcement of the criminal  
14 laws of the Commonwealth within the race meeting grounds or  
15 enclosure. The designated persons are also authorized to  
16 interrogate and eject from the race meeting grounds or enclosure  
17 any persons suspected of violating any rule or regulation  
18 promulgated by the commissions. The commissions may refuse  
19 admission to and eject from enclosure of the race track operated  
20 by any licensed corporation, any person whose presence there is,  
21 in the judgment of the commission, inconsistent with the orderly  
22 or proper conduct of a race meeting or whose presence or conduct  
23 is deemed detrimental to the best interest of horse racing. The  
24 action of the commissions in refusing any person admission, or  
25 ejecting him from, a race meeting ground or enclosure shall not  
26 be because of the race, creed, color, sex, national origin or  
27 religion of that person and shall be reviewable by the  
28 Commonwealth Court.

29 (b) Except as provided for in subsections (c) and (d), any  
30 licensed corporation may refuse admission to and eject from the

1 enclosure of the race track operated by any association any  
2 person except that no person shall be refused admission or be  
3 ejected because of the race, color, creed, sex, national origin  
4 or religion of that person.

5 (c) A licensed corporation may refuse admission to and eject  
6 from the enclosure of the race track operated by the  
7 corporation, any person licensed by the commissions under  
8 section 213, employed at his occupation at the race track, whose  
9 presence there is deemed detrimental to the best interests of  
10 horse racing, citing the reasons for that determination. The  
11 action of the corporation in refusing the person admission to or  
12 ejecting him from a race meeting ground or enclosure shall have  
13 immediate effect. The person refused admission or ejected shall  
14 receive a hearing before the appropriate commission, if  
15 requested, pursuant to rules and regulations adopted for that  
16 purpose by the appropriate commission and a decision rendered  
17 following that hearing.

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

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

26 Section 216. Interstate simulcastings of horse races.

27 Each commission may, upon request by any licensed  
28 corporation, grant permission for electronically televised  
29 simulcasts of horse races to be operated by the licensed  
30 corporation at the race track enclosure where a horse race

1 meeting is being conducted during, between, before or after  
2 posted races for that racing day. The posted races for that  
3 racing day shall include a minimum of eight live races, except,  
4 at thoroughbred tracks on the one day designated as Breeders'  
5 Cup Event Day, there shall be a minimum of five live races. The  
6 simulcasts shall be limited to horse races conducted at  
7 facilities outside this Commonwealth and televised to race track  
8 enclosures within this Commonwealth. The simulcasts shall also  
9 be limited to thoroughbred races designated as Grade I stakes,  
10 or the international equivalent thereto, with purses of at least  
11 \$100,000; standard bred races with purses of at least \$100,000;  
12 and other stakes races which have, in the opinion of the  
13 appropriate commission, significant value to the Pennsylvania  
14 racing industry. Cross simulcasting of the aforementioned races  
15 shall be permitted as long as the particular race is available  
16 to all race tracks in the Commonwealth which are operating live  
17 racing that day. All simulcasts of horse races from outside this  
18 Commonwealth shall also comply with the provisions of the  
19 Interstate Horse Racing Act of 1978, 92 Stat. 1811, 15 USC 3001  
20 et seq. All forms of pari-mutuel wagering as described under  
21 section 221 shall be allowed on horse races to be televised by  
22 simulcasting. Each commission may promulgate rules or  
23 regulations to regulate the wagering and the operation of these  
24 horse races. All moneys wagered by patrons on these horse races  
25 shall be computed in the amount of money wagered each racing day  
26 for purposes of taxation under section 222.

27 Section 216.1. Televised international and interstate  
28 simulcastings of horse races.

29 (a) Each commission may, upon request by a licensed  
30 corporation, grant permission to maintain common pari-mutuel

1 pools on international and interstate races transmitted to and  
2 from the racetrack enclosures within this Commonwealth, such  
3 licensed corporation to be designated as the "host licensee."  
4 The permission to act as host licensee for international and  
5 interstate simulcast races shall be limited to licensed  
6 corporations:

7 (1) which have a live racing agreement with a horseman's  
8 organization representing a majority of owners and trainers  
9 at the facility where the licensed corporation conducts  
10 racing dates;

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

15 (3) which, subject to actions or activities beyond the  
16 control of the licensee, conduct not less than eight live  
17 races per race date during each meet at the facility where  
18 the licensed corporation conducts racing dates, except for  
19 thoroughbred tracks on the day designated as Breeder's Cup  
20 Event Day, when the facility shall hold a minimum of five  
21 live races.

22 A horseman's organization representing a majority of owners and  
23 trainers at a racetrack may consent to waiving or modifying the  
24 provisions pertaining to the required number of racing days and  
25 races per day scheduled by a licensed corporation at that  
26 racetrack.

27 (b) Cross simulcasting of the races described in subsection  
28 (a) shall be permitted if all amounts wagered on the races in  
29 this Commonwealth are included in common pari-mutuel pools. A  
30 host licensee seeking permission to cross simulcast must obtain

1 approval from both the State Harness Racing Commission and the  
2 State Horse Racing Commission. All simulcasts of horse races  
3 shall also comply with the provisions of the Interstate Horse  
4 Racing Act of 1978 (92 Stat. 1811, 15 U.S.C. § 3001 et seq.).  
5 All forms of pari-mutuel wagering as described under section 221  
6 shall be allowed on horse races to be televised by simulcasting.  
7 Each commission may permit pari-mutuel pools in this  
8 Commonwealth to be combined with pari-mutuel pools created under  
9 the laws of another jurisdiction and may permit pari-mutuel  
10 pools created under the laws of another jurisdiction to be  
11 combined with pari-mutuel pools in this Commonwealth. Each  
12 commission may promulgate rules or regulations to regulate  
13 wagering on televised simulcasts.

14 (c) All moneys wagered by patrons in this Commonwealth on  
15 these horse races shall be computed in the amount of money  
16 wagered each racing day for purposes of taxation under section  
17 222 and all thoroughbred races shall be considered a part of a  
18 thoroughbred horse race meeting and all harness races shall be  
19 considered a part of a harness horse race meeting for purposes  
20 of section 222(b)(5).

21 Section 217. Refunds.

22 (a) Money received by the commissions may, within one year  
23 from receipts thereof, be refunded, to the party for whose  
24 account the same were received, on proof satisfactory to the  
25 commissions that:

26 (1) the moneys were in excess of the amount required by  
27 law;

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

30 (3) the moneys were received as a fine and the

1 commission has, after review, reduced the amount of the fine;  
2 or

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

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

8 Section 218. Place and manner of conducting pari-mutuel  
9 wagering.

10 (a) Every licensed corporation shall provide during a horse  
11 race meeting a place or places within the race track enclosure  
12 at which the licensed corporation shall conduct the pari-mutuel  
13 system of wagering by its patrons on the results of horse races  
14 held at such meetings or televised to the race track enclosure  
15 by simulcasting. The licensed corporation shall erect a sign or  
16 board upon which shall be displayed the approximate straight  
17 odds on each horse in any race; the value of a winning mutuel  
18 ticket, straight, place or show on the first three horses in the  
19 race; the elapsed time of the race; the value of a winning daily  
20 double ticket, if a daily double be conducted, and any other  
21 information that the commissions may deem necessary for the  
22 guidance of the general public. The commissions may prescribe,  
23 by rule, the type and kind of equipment to be used for the  
24 display of the foregoing information.

25 (b) Each commission may upon request by any licensed  
26 corporation grant permission to the licensed corporation to  
27 conduct a telephone account wagering system: Provided, however,  
28 That all telephone messages to place wagers must be to a place  
29 within the race track enclosure: And further provided, That all  
30 moneys used to place telephone wagers be on deposit in an amount

1 sufficient to cover the wager at the race track where the  
2 account is opened. Each commission may promulgate rules or  
3 regulations to regulate telephone account wagering. All moneys  
4 wagered as a result of telephone account wagering shall be  
5 included in the amount wagered each racing day for purposes of  
6 taxation under section 222 and shall be included in the same  
7 pari-mutuel pools for each posted race. All telephone account  
8 wagering systems shall be solely operated by the licensed  
9 corporations.

10 (c) A licensed corporation shall only accept and tabulate a  
11 wager by a direct telephone call from the holder of a telephone  
12 wagering account. No person shall directly or indirectly act as  
13 an intermediary, transmitter or agent in the placing of wagers  
14 for a holder of a telephone wagering account. No person shall in  
15 any manner place any wager by telephone to a facility in the  
16 race track enclosure on behalf of a holder of a telephone  
17 wagering account. Only the holder of a telephone wagering  
18 account shall place a telephone wager. Any person violating this  
19 subsection shall be guilty of a misdemeanor of the first degree.

20 (d) A licensed corporation shall not accept a telephone  
21 wager from, nor establish a telephone betting account for, any  
22 person located in or residing in an area defined herein as the  
23 primary market area of a race track, other than the race track  
24 at which the licensed corporation is conducting a racing meet.  
25 Nothing herein shall prohibit the licensed corporation from  
26 accepting a telephone wager from, or establishing a telephone  
27 betting account for, any person located in or residing in the  
28 primary market area of the track at which the licensed  
29 corporation is conducting a meet and, if two tracks share  
30 primary market area as defined herein, both tracks shall have

1 equal rights to the market in the shared area.

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

6 (f) The secondary market area of a racetrack, for purposes  
7 of this act, is defined as that land area included in a circle  
8 drawn with the racetrack as the center and a radius of 50 air  
9 miles, but not including the primary market area of the  
10 racetrack.

11 (g) Notwithstanding any other provisions of this act to the  
12 contrary, upon approval by the appropriate commission, a  
13 licensed corporation may establish one or more nonprimary  
14 locations at which it shall conduct pari-mutuel wagering on all  
15 horse races conducted by such licensed corporation and may  
16 conduct pari-mutuel wagering on horse races conducted by another  
17 licensed corporation, which horse races may be televised to the  
18 locations, or on horse races simulcast to the locations pursuant  
19 to section 216, provided that:

20 (1) No licensed corporation may establish nonprimary  
21 locations within the primary market area, as set forth in  
22 subsection (e), of any racetrack other than a racetrack at  
23 which the licensed corporation conducts race meetings.  
24 Establishment of a nonprimary location by a licensed  
25 corporation within the primary market area of a racetrack at  
26 which the licensed corporation conducts race meetings shall  
27 require approval of the commission regulating the activities  
28 of such licensed corporation.

29 (2) Any licensed corporation may establish a nonprimary  
30 location within the secondary market area of a racetrack as

1 set forth in subsection (f), provided that the nonprimary  
2 location is approved by both the State Harness Racing  
3 Commission and the State Horse Racing Commission.

4 (3) Any licensed corporation may establish a nonprimary  
5 location in areas outside the primary and secondary market  
6 areas of any racetrack, provided that the location is  
7 approved by the commission which regulates the activities of  
8 the licensed corporation establishing the location.

9 (4) Where a site is approved by the commission as a  
10 nonprimary location established by more than one licensed  
11 corporation, by agreement between the licensed corporations  
12 and with the approval of the appropriate commission, one  
13 licensed corporation may operate the pari-mutuel equipment  
14 for one or more of the licensed corporations at that  
15 location, but the location may still be considered a part of  
16 the racetrack enclosure of each of the licensed corporations  
17 approved to conduct pari-mutuel wagering at that location.

18 (5) (i) Any licensed corporation, planning to establish  
19 a nonprimary location, shall submit to the appropriate  
20 commission a nonprimary location statement in a form  
21 prescribed by the appropriate commission which specifies,  
22 but is not limited to, the following:

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

25 (B) The population of the town or municipality,  
26 and surrounding area, where the proposed facility is  
27 to be located.

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

30 (D) The type of seating to be provided,

1 including areas in the proposed facility where  
2 patrons can handicap races.

3 (E) The total seating capacity of the proposed  
4 facility.

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

6 (G) The availability of food and beverages,  
7 including the number of tables, chairs, kitchen  
8 facilities and concession stands.

9 (H) The number of available parking spaces.

10 (I) A description of the general demeanor of the  
11 facility, including lighting, decor and plans for the  
12 exterior of the facility.

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

15 (K) A description of the heating and air  
16 conditioning units, the smoke removal equipment and  
17 other climate control devices.

18 (L) The total square feet of the proposed  
19 facility.

20 (ii) The General Assembly recognizes the economic  
21 importance of the horse racing industry in this  
22 Commonwealth; and further recognizes that the  
23 Pennsylvania horse racing industry is in a state of  
24 decline. Therefore, it is the intent of the General  
25 Assembly through this amendatory act to revitalize and  
26 secure the economic future of the horse racing industry  
27 and to encourage statewide economic development by  
28 assisting in the development of nonprimary locations. It  
29 is the further intent of the General Assembly through  
30 this amendatory act that in no case shall the appropriate

1 commission approve a nonprimary location statement when  
2 the sole purpose of that statement is to provide wagering  
3 opportunities pursuant to this act; rather, the  
4 appropriate commission shall only approve a nonprimary  
5 location statement that plans for a public facility  
6 offering not only wagering opportunities, but other  
7 amenities, such as high class restaurants and quality  
8 handicapping facilities, so that all or part of the  
9 nonprimary facility will resemble the clubhouse  
10 facilities of a racetrack. It is the further intent of  
11 the General Assembly through this amendatory act to offer  
12 the potential for the creation of jobs, not only in the  
13 racing and wagering industry, but more particularly in  
14 other service jobs, such as parking attendants, waiters  
15 and waitresses, security guards, custodial workers and  
16 food service personnel.

17 (iii) In determining whether the nonprimary location  
18 statement meets the legislative intent of this amendatory  
19 act, the appropriate commission shall consider factors  
20 which include, but are not limited to, the following:

21 (A) The purposes and provisions of this  
22 amendatory act.

23 (B) The public interest.

24 (C) The integrity of live racing.

25 (D) The impact on the local community.

26 (E) The potential for job creation.

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

29 (iv) In considering whether the appropriate  
30 commission will grant, suspend or revoke approval of

1 nonprimary locations, the provisions of section 209(f)(2)  
2 shall apply. In connection therewith, the commission  
3 shall annually conduct inspections of the primary  
4 facility.

5 (v) The rights, duties and obligations of the  
6 appropriate commission, as set forth in this amendatory  
7 act, shall apply to nonprimary locations and any  
8 employees or vendors of the licensed corporation  
9 establishing the nonprimary location.

10 (6) (i) In addition to the requirements of paragraph  
11 (10), any licensed corporation which is authorized to  
12 conduct racing at any primary racetrack location at which  
13 there has not been, in the previous calendar year, a  
14 minimum of 142 days of live racing shall not be eligible  
15 to establish nonprimary locations outside its primary  
16 market area and shall only be eligible to establish  
17 nonprimary locations within its primary market area  
18 according to the following schedule.

19 Year	Number of 20 live racing 21 days 22 conducted	Number of days 23 in subsequent 24 year permitted 25 to operate 26 nonprimary locations within primary market area	Number of 27 live racing 28 days 29 conducted	Number of days 30 in subsequent year permitted to operate nonprimary locations within primary market area
1988	50	365		
1989	69	365	Under 69	307
1990	88	365	Under 88	259
1991	107	365	Under 107	191

1	1992	126	365	Under 126	133
2	1993	142	365	Under 142	75

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

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

18           (ii) In addition to the nonprimary locations  
19 authorized by subparagraph (i), during each of the  
20 calendar years 1989 and 1990, the appropriate commission  
21 may approve no more than one additional nonprimary  
22 location per primary racetrack location, for one licensed  
23 corporation authorized to conduct racing at the primary  
24 racetrack location.

25           (iii) The General Assembly may, at any time, stop  
26 the further approval of any nonprimary locations. The  
27 State Harness Racing Commission and the State Horse  
28 Racing Commission shall not have the authority to approve  
29 any greater number of nonprimary locations after December  
30 31, 1990, unless further authorized by the General

1 Assembly.

2 (iv) It shall be the duty of both the State Harness  
3 Racing Commission and the State Horse Racing Commission  
4 to annually report to the General Assembly on the effect  
5 of nonprimary locations on such factors as the local  
6 economy, the public interest and the integrity of live  
7 racing, and make suggestions and recommendations.

8 (8) (i) Moneys wagered at all primary and nonprimary  
9 locations pursuant to this act shall be included in  
10 common pari-mutuel pools. All money wagered by patrons on  
11 these races shall be computed in the amount of money  
12 wagered each racing day for purposes of taxation under  
13 section 222. The licensed corporation conducting the race  
14 meeting and maintaining the pari-mutuel pools shall  
15 maintain accurate records of the amount wagered in each  
16 pool from every primary and nonprimary location.

17 (ii) The retained moneys as provided for in section  
18 222(e) shall be calculated for each location where pari-  
19 mutuel wagering is being conducted. If wagering has taken  
20 place at a nonprimary location where the wagering is  
21 conducted by a licensed corporation other than the  
22 licensed corporation conducting the race meeting, the  
23 licensed corporation conducting the race meeting shall  
24 retain any moneys to which it is entitled by agreement  
25 between such licensed corporations and shall pay over the  
26 balance of the retained moneys to the licensed  
27 corporation conducting the wagering at the nonprimary  
28 location.

29 (9) (i) A licensed corporation conducting a race  
30 meeting on which pari-mutuel wagering is conducted at one

1 or more nonprimary locations shall distribute to the  
2 horseman's organization representing a majority of owners  
3 and trainers at its racetrack, or in accordance with the  
4 practice of the parties, to be used for payment of purses  
5 at that racetrack, an amount equal to not less than 6% of  
6 the daily gross wagering handle on such races at a  
7 nonprimary location: Provided, however, That when the  
8 gross wagering handle on such races at any such  
9 nonprimary location on a given day is less than \$30,000,  
10 the above-referenced percentage shall be not less than  
11 3%, and when the gross wagering handle on such races at  
12 any such nonprimary location on a given day is between  
13 \$30,000 and \$75,000 inclusive, the above-referenced  
14 percentage shall be not less than 4.75%: And provided  
15 further, That whenever a nonprimary location is within  
16 the primary market area of a licensed corporation other  
17 than the licensed corporation conducting such races, the  
18 applicable percentage shall be distributed one-half to  
19 the horseman's organization representing a majority of  
20 owners and trainers at the racetrack, or in accordance  
21 with the practice of the parties, where the race meeting  
22 is being conducted to be used for the payment of purses  
23 at that racetrack and one-half to such horseman's  
24 organization, or in accordance with the practice of the  
25 parties, at the racetrack within the primary market area  
26 to be used for the payment of purses at that racetrack.  
27 Nothing in this subparagraph shall prevent a licensed  
28 corporation from agreeing to distribute amounts greater  
29 than the percentages set forth in this subparagraph.  
30 However, if no alternative agreement has been reached,

1 the total percentage paid for purses under this  
2 subparagraph shall be in accordance with the minimum  
3 percentages set forth in this subparagraph.

4 (ii) Notwithstanding subparagraph (i), or any other  
5 provision in this act to the contrary, a nonprimary  
6 location may be established within the primary market  
7 area of a racetrack by agreement between the licensed  
8 corporation and the horseman's organization representing  
9 a majority of the owners and trainers at that racetrack  
10 specifying the total percentage of handle wagered at such  
11 nonprimary location to be distributed to that horseman's  
12 organization, or in accordance with the practice of the  
13 parties, to be used for the payment of purses at that  
14 racetrack. If no such agreement is reached covering such  
15 locations, the total percentage to be paid for purses  
16 pursuant to this subparagraph shall be the same as that  
17 applied to on-track wagering at the racetrack located  
18 within the primary market area.

19 (10) The provisions of section 234 relating to the  
20 required number of racing days apply to this subsection.

21 However, a horseman's organization representing a majority of  
22 owners and trainers at a racetrack may consent to waiving or  
23 modifying the provisions as pertaining to the required number  
24 of racing days scheduled by a licensed corporation at that  
25 racetrack.

26 Section 218-A. Wagering at nonprimary locations.

27 (a) Notwithstanding any other provisions of this act to the  
28 contrary, licensed corporations shall not be authorized to  
29 provide live telecasts of races to any locations open to the  
30 public which are not primary to or contiguous with the licensed

1 corporation's racetrack and at which telephone account wagering  
2 is also conducted and shall not be permitted to establish or  
3 utilize master accounts or transfer accounts for telephone  
4 account wagering or to accept credit or debit card telephone  
5 account wagers or any other form of electronic signal  
6 transmissions unless:

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

12 (2) during the 1986 racing season, any such activities  
13 are limited to areas, accounts and credit arrangements for  
14 which applications are submitted to the appropriate  
15 commission prior to June 1, 1986, and which are subsequently  
16 approved by the respective commission after appropriate  
17 investigation and review.

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

24 (c) The commissions shall jointly conduct an evaluation of  
25 the use of telephone account wagering, including the use of  
26 master accounts, transfer accounts, credit or debit cards, any  
27 other form of electronic signal transmission and live  
28 telecasting to or from areas open to the public not primary to  
29 or contiguous with a racetrack. The evaluation shall consider  
30 whether such activities are in the public interest and are

1 beneficial to racing and shall recommend, if such activities are  
2 deemed desirable by the commissions, appropriate rules and  
3 regulations for the conduct of such activities: Provided, That a  
4 licensed corporation shall not be permitted to conduct pari-  
5 mutuel wagering at any location which is within the primary  
6 market area of another licensed corporation, as defined in  
7 section 102 and section 218(e). The evaluation shall also  
8 recommend whether any enlargement or modification to the laws  
9 regulating such activities is necessary or desirable. In  
10 performing the evaluation, the commissions shall study in detail  
11 experimental activities authorized by the commissions, including  
12 an analysis of the impact of conducting such activities at each  
13 experimental site approved by the commissions. The evaluation is  
14 to be completed by October 31, 1986, with copies of the  
15 commissions' report being forwarded, within two weeks of that  
16 date, to the Governor, the President pro tempore of the Senate,  
17 the Speaker of the House, the Chairman of the Senate State  
18 Government Committee and the Chairman of the State Government  
19 Committee of the House of Representatives. The evaluation shall  
20 include, but not be limited to, an investigation and study of  
21 the following matters:

22           (1) Which laws permit or prohibit the use of telephone  
23           account wagering in coordination with live telecasting to  
24           public locations and the utilization of transfer accounts,  
25           master accounts, credit or debit cards or other forms of  
26           electronic signal transmissions for pari-mutuel wagering at  
27           such locations.

28           (2) In situations where such activities occur at  
29           premises licensed by the Liquor Control Board to serve  
30           alcoholic beverages, whether such activities violate any

1 portion of the act of April 12, 1951 (P.L.90, No.21), known  
2 as the "Liquor Code."

3 (3) The financial viability of live telecasting to  
4 public locations, together with the use of telephone account  
5 wagering, transfer accounts, electronic signal transmissions,  
6 or credit or debit card wagering, including the benefits or  
7 disadvantages for the commissions, the licensed racing  
8 corporation, horsemen and the general public.

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

11 (5) An analysis of the commissions' ability to properly  
12 regulate and control such wagering at public locations in  
13 order to protect the public and the integrity of the racing  
14 industry.

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

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

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

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

1           (10) What minimum requirements with regard to physical  
2 structures, facilities, equipment, security and public health  
3 and safety are necessary and appropriate for locations at  
4 which such wagering occurs.

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

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

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

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

19          Every corporation licensed to conduct horse race meetings at  
20 which pari-mutuel wagering is permitted shall promptly after  
21 entering any lease agreement concerning any concession, labor  
22 management relation, hiring of designated classes of officers,  
23 employees or contractors specified by the commissions or any  
24 such other contract or agreement as the commissions may  
25 prescribe, file with the appropriate commission a true and  
26 correct copy, or an accurate summary, if oral.

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

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

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

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

7           (3) nineteen percent of the moneys plus the breakage  
8 from regular wagering pools from licensed corporations whose  
9 total deposits in all pari-mutuel pools averaged less than  
10 \$300,000 per racing day for their previous meeting at the  
11 same facility; or

12           (4) twenty percent of the moneys plus the breakage from  
13 the exacta, daily double, quinella and other wagering pools  
14 involving two horses each racing day shall be retained by the  
15 licensed corporations for further distribution under section  
16 222; or

17           (5) at least 26% but no more than 35% of the moneys plus  
18 the breakage from the trifecta or other wagering pools  
19 involving more than two horses in one or more races each  
20 racing day shall be retained by the licensed corporations for  
21 further distribution under section 222; and

22           (6) except as provided for in subsection (d.1) of  
23 section 222, every corporation may retain less than 17%, 19%  
24 or 20% of the moneys in the wagering pools under paragraphs  
25 (2), (3) and (4) or less than 26% of the moneys in the  
26 wagering pools under paragraph (5) upon approval from the  
27 appropriate commission; and

28           (7) every corporation may retain more than 25% but no  
29 more than 35% of the moneys in the wagering pools under  
30 paragraph (5) upon approval from the appropriate commission;

1 and

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

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

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

11 Section 222. Distribution of moneys retained from pari-mutuel  
12 pools; taxation.

13 (a) There is hereby created the State Racing Fund. All  
14 licensed corporations that conduct harness race meetings shall  
15 pay a tax through the Department of Revenue for credit to the  
16 State Racing Fund. All licensed corporations that conduct  
17 thoroughbred horse race meetings shall pay a tax through the  
18 Department of Revenue for credit to the State Racing Fund. The  
19 tax imposed on all licensed corporations shall be a percentage  
20 tax on the amount wagered each racing day and be paid from the  
21 moneys retained under section 221.

22 (a.1) At the close of each day of racing, all corporations  
23 licensed to conduct harness horse race meetings or thoroughbred  
24 horse race meetings which annually conduct at least 100 days of  
25 racing, or when two licensed corporations conduct their race  
26 meetings at the same facility and between them annually conduct  
27 at least 175 days of racing, will pay out of the moneys retained  
28 on that day under section 221, through the Department of Revenue  
29 for credit to the State Horse Racing Fund the following taxes  
30 for the time periods stated:

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

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

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

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

12 (a.3) For purposes of this section, a racing day shall be  
13 considered conducted after the appropriate commission has  
14 certified the allocation of racing days to the Secretary of the  
15 Department of Revenue under the provisions of section 207(b)  
16 even if the racing day is subsequently cancelled by the licensed  
17 corporation for reasons beyond its control.

18 (a.4) Any corporation which does not hold a license under  
19 section 209 on the effective date of this act and which is  
20 granted a license under this act shall be subject to payment out  
21 of moneys retained under section 221, through the Department of  
22 Revenue for credit to the State Horse Racing Fund, of the  
23 following tax for a period of four years from the issuance date  
24 of the license - 1.0%, at which time said licensee shall be  
25 subject to the lawful rate then in effect under subsection (a.1)  
26 (3).

27 (a.5) In order to qualify for the 1.0% tax rate authorized  
28 under subsection (a.4), the newly licensed corporation may not  
29 include any officer, director or the immediate relative (spouse,  
30 children or parents) of any officer or director of any licensed

1 racing corporation which conducted, at any time within the  
2 immediately preceding five years, any horse or harness race  
3 meetings at the racetrack enclosure for which the license is  
4 sought. Also, the newly licensed corporation may not include any  
5 shareholder (or their immediate relative) holding a 5% or  
6 greater interest who also held a 5% or greater interest in any  
7 corporation licensed at any time within the immediately  
8 preceding five years to conduct horse or harness race meetings  
9 at the racetrack enclosure for which the license is sought.

10 (b) The commissions shall distribute moneys from the State  
11 Racing Fund, together with the interest earned thereon, in the  
12 following manner:

13 (1) The salaries of employees of the commission employed  
14 by or for it under the provisions of this act and the act of  
15 April 9, 1929 (P.L.177, No.175), known as "The Administrative  
16 Code of 1929," net of any income earned or received by the  
17 commission.

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

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

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

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

28 (i) An amount equivalent to one percent of the  
29 amount wagered each racing day at thoroughbred horse race  
30 meetings shall be paid by the Horse Racing Commission

1 from the State Racing Fund through the Department of  
2 Revenue for credit to the Pennsylvania Breeding Fund.

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

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

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

14 (1) Fifty percent of the breakage shall be retained by  
15 the licensed corporations.

16 (2) Twenty-five percent of the breakage shall be  
17 retained by the licensed corporations to be used solely for  
18 purses to the horsemen.

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

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

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

27 (2) The remaining 50% of the breakage shall be retained  
28 by the licensed corporations of which one-half of this  
29 breakage shall be used solely by the licensed corporations  
30 for claiming and nonclaiming races where entry is restricted

1 to Pennsylvania-sired horses in the following manner:

2 (i) On January 1, 1982, and thereafter at least five  
3 of the horses programmed to start shall be Pennsylvania-  
4 sired horses. If at least five of the horses programmed  
5 to start are not Pennsylvania-sired horses, then the  
6 licensed corporation conducting the meet shall cancel the  
7 race.

8 (ii) On January 1, 1983, and thereafter at least  
9 seven of the horses programmed to start shall be  
10 Pennsylvania-sired horses. If at least seven of the  
11 horses programmed to start are not Pennsylvania-sired  
12 horses, then the licensed corporation conducting the meet  
13 shall cancel the race.

14 (iii) On January 1, 1984, and thereafter, only  
15 Pennsylvania-sired horses shall be allowed to start in  
16 these races. If all the positions are not filled by  
17 Pennsylvania-sired horses in these races, then the  
18 licensed corporation conducting the meet shall cancel the  
19 race.

20 All breakage moneys due licensed corporations for the purses for  
21 claiming and nonclaiming races under this paragraph but not  
22 expended as a result of a race cancellation shall be carried  
23 forward to the next succeeding meet by the licensed corporations  
24 to be used for claiming and nonclaiming races which restrict  
25 entry to Pennsylvania-sired horses under the provisions of this  
26 paragraph.

27 (d.1) An amount equivalent to one percent of the amount  
28 wagered at each racing day at thoroughbred and harness horse  
29 race meetings as set forth in section 221(a)(4) and (5) shall be  
30 paid through the Department of Revenue for credit to the State

1 Racing Fund.

2 (e) All remaining moneys retained under section 221 and not  
3 heretofore distributed shall be kept by the licensed  
4 corporations for their use.

5 Section 223. Pennsylvania Breeding Fund.

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

11 (b) After the deduction of expenses related to the  
12 administration and development of the Pennsylvania Breeding Fund  
13 program incurred by the Pennsylvania Horse Breeders'  
14 Association, the State Horse Racing Commission shall, by rule or  
15 regulation, provide for awards as follows:

16 (1) An award of 30% of the purse earned by every  
17 registered Pennsylvania-bred thoroughbred horse sired by a  
18 registered Pennsylvania sire at the time of conception of the  
19 registered Pennsylvania-bred thoroughbred horse, or an award  
20 of 20% of the purse earned by every registered Pennsylvania-  
21 bred thoroughbred horse sired by a nonregistered sire, which  
22 finishes first, second or third in any race conducted by a  
23 licensed corporation under this act shall be paid to the  
24 breeder of said registered Pennsylvania-bred thoroughbred  
25 horse. A single award under this paragraph may not exceed 1%  
26 of the total annual fund money.

27 (2) An award of 10% of the purse earned by any  
28 Pennsylvania-bred thoroughbred horse which finishes first,  
29 second or third in any race conducted by a licensed  
30 corporation under this act shall be paid to the owner of the

1 registered Pennsylvania sire which regularly stood in  
2 Pennsylvania at the time of conception of said Pennsylvania-  
3 bred thoroughbred horse. A single award under this paragraph  
4 may not exceed .5% of the total annual fund money.

5 (3) An award of 10% of the purse earned by any  
6 registered Pennsylvania-bred thoroughbred horse which  
7 finishes first in any race conducted by a licensed  
8 corporation under this act not restricting entry to  
9 registered Pennsylvania-bred thoroughbred horses shall be  
10 paid to the licensed owner of said registered Pennsylvania-  
11 bred thoroughbred horse at the time of winning. A single  
12 award under this paragraph may not exceed .5% of the total  
13 annual fund money.

14 (c) Up to one-fifth of the total of the estimated fund  
15 moneys remaining each year after the deduction of expenses  
16 related to the administration and development of the  
17 Pennsylvania Breeding Fund program and the payment of breeder,  
18 stallion and owner awards, shall be divided among the licensed  
19 corporations that conduct thoroughbred horse race meetings in  
20 direct proportion to the rate by which each licensed corporation  
21 generated the fund moneys during the previous year to be used  
22 solely for purses for Pennsylvania Breeding Fund stakes races  
23 which restrict entry to registered Pennsylvania-bred  
24 thoroughbred horses.

25 (d) The fund moneys remaining following disbursements as  
26 directed in subsection (b) (1), (2) and (3) and subsection (c)  
27 shall be divided among the licensed corporations that conduct  
28 thoroughbred horse race meetings in direct proportion to the  
29 rate by which each licensed corporation generated the fund  
30 moneys during the previous year to be used for purses as

1 follows:

2 (1) Claiming and nonclaiming Pennsylvania Breeding Fund  
3 races which restrict entry to registered Pennsylvania-bred  
4 thoroughbred horses.

5 (2) Claiming and nonclaiming Pennsylvania Breeding Fund  
6 races which prefer registered Pennsylvania-bred thoroughbred  
7 horses as starters. In these races, should eight or more  
8 registered Pennsylvania-bred horses pass the entry box, the  
9 race shall be considered closed to horses other than  
10 registered Pennsylvania-bred thoroughbred horses.

11 (e) Those Pennsylvania Breeding Fund moneys due licensed  
12 corporations as outlined in subsections (c) and (d) but not  
13 expended during the calendar year may be carried forth in the  
14 fund on the account of said licensed corporations to be expended  
15 during the succeeding year in addition to said corporations'  
16 fund moneys annually due them for purses.

17 (f) The Pennsylvania Breeding Fund Advisory Committee, under  
18 the jurisdiction of the State Horse Racing Commission, is hereby  
19 established and shall be part of the Pennsylvania State Horse  
20 Racing Commission. The commission shall consist of five members,  
21 all of whom shall be residents of Pennsylvania, to be appointed  
22 by the commission by June 1 of each year. The committee shall  
23 consist of two members of the Pennsylvania Horse Breeders'  
24 Association, one member from the licensed corporations, one  
25 member from the association representing horsemen racing in  
26 Pennsylvania and one member of the commission. If any member  
27 other than the commission member has not been recommended by  
28 June 1 of each year, the commission shall make an appointment  
29 for the organization failing to so recommend a member of the  
30 committee. The committee shall assist and advise the commission

1 under the provisions of this act but shall have no power in  
2 administering the fund. The members of the committee shall  
3 receive no compensation for their services as members.

4 (g) The State Horse Racing Commission may contract with the  
5 Pennsylvania Horse Breeders' Association as the sole responsible  
6 body for the registration and records of Pennsylvania-breds. The  
7 Pennsylvania Horse Breeders' Association shall advise the  
8 commission when called upon and shall determine the  
9 qualifications for Pennsylvania-bred thoroughbred horses and  
10 Pennsylvania sires. Its registration and record facts are hereby  
11 declared as official Pennsylvania records. At the close of each  
12 calendar year, the Pennsylvania Horse Breeders' Association,  
13 through the Pennsylvania Breeding Fund Advisory Committee, shall  
14 submit to the commission for its approval an itemized budget of  
15 projected expenses for the ensuing year relating to the  
16 administration and development of the Pennsylvania Breeding Fund  
17 program. The commission, on no more than a quarterly basis,  
18 shall reimburse from the fund the Pennsylvania Horse Breeders'  
19 Association for those expenses actually incurred in the  
20 administration and development of the Breeding Fund program.  
21 Section 224. Pennsylvania Sire Stakes Fund.

22 (a) There is hereby created a restricted account in the  
23 State Racing Fund to be known as the Pennsylvania Sire Stakes  
24 Fund which shall consist of the money appropriated under the  
25 provisions of section 222 and which shall be administered by the  
26 State Harness Racing Commission.

27 (b) Sixty percent of the money remaining in the excess fund  
28 account of the Pennsylvania Sire Stakes Fund at the end of the  
29 calendar year in which this subsection is enacted shall be  
30 distributed to licensed corporations that conduct harness horse

1 race meetings to be used in the next succeeding calendar year as  
2 purse money for Pennsylvania-sired horses. The remaining 40% of  
3 the money in the excess fund account at the end of the calendar  
4 year of the enactment of this subsection, together with the  
5 interest earned on that money, shall be distributed to licensed  
6 corporations that conduct harness horse race meetings to be used  
7 in the next succeeding calendar year following the next  
8 succeeding calendar year as purse money for Pennsylvania-sired  
9 horses. After deduction of sufficient funds to cover the State  
10 Harness Racing Commission's cost of administration, 80%, unless  
11 a smaller percentage is necessary in order to comply with the  
12 minimum dollar requirement of subsection (e), of all remaining  
13 moneys in the Pennsylvania Sire Stakes Fund at the end of the  
14 calendar year shall be distributed to licensed corporations that  
15 conduct harness horse race meetings to be used as purse money  
16 for Pennsylvania-sired horses. The State Harness Racing  
17 Commission may then allocate up to a total of and not exceeding  
18 40% of the total amount to be distributed to licensed  
19 corporations in a calendar year for use for a series of  
20 championship final races at the race tracks of licensed  
21 corporations that conduct harness horse race meetings. The State  
22 Harness Racing Commission shall allocate the moneys to these  
23 championship final races in an equal amount for each sex, age  
24 and gait for two- and three-year-old trotters and pacers. The  
25 State Harness Racing Commission shall determine conditions  
26 establishing eligibility to these final events. No pari-mutuel  
27 harness track shall be awarded more than 50% of the championship  
28 final races in any calendar year. The State Harness Racing  
29 Commission shall schedule these final events so as to evenly  
30 alternate classes at each race track each year. After the

1 allocation for the championship final races has been determined,  
2 the remaining funds to be distributed to licensed corporations  
3 that conduct harness horse race meetings shall be divided  
4 equally among the licensed corporations. Each licensed  
5 corporation shall divide the funds received equally for each of:

6 (1) four two-year-old races; one pace for colts, one  
7 pace for fillies, one trot for colts and one trot for  
8 fillies; and

9 (2) four three-year-old races; one pace for colts, one  
10 pace for fillies, one trot for colts and one trot for  
11 fillies.

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

15 (d) Entry for these races shall be limited to harness horses  
16 which were sired by a standardbred stallion regularly standing  
17 in Pennsylvania and each race shall be designated a Pennsylvania  
18 sire stakes race. The State Harness Racing Commission shall make  
19 the provisions and regulations as it shall deem necessary for  
20 the proper administration of the entry restriction.

21 (e) The remaining moneys in the Pennsylvania Sire Stakes  
22 Fund up to a total of and not exceeding \$25,000 for each  
23 agricultural fair and one- or two-day events as defined in  
24 harness racing commission regulations shall be divided equally  
25 among those agricultural fairs and one- or two-day events, not  
26 to exceed more than five one- or two-day events per year and as  
27 authorized by the State Harness Racing Commission, provided that  
28 no more than two one-day or two-day events per county are  
29 authorized unless, after a date established by the commission,  
30 all five of the events have not been allocated, conducting

1 harness horse races for two-year-old and three-year-old harness  
2 horses: Provided, however, That in no event shall less than  
3 \$225,000 be allocated from the Pennsylvania Sire Stakes Fund and  
4 be divided equally among those agricultural fairs and one- or  
5 two-day events conducting these races. Each fair or one- or two-  
6 day events receiving the funds shall divide the total amount  
7 equally among all eligible races for two-year-old and three-  
8 year-old harness horses and shall apply the funds solely as  
9 additional purse funds. Only races to which entry is restricted  
10 to Pennsylvania-sired horses shall be eligible. The State  
11 Harness Racing Commission shall make the provisions and  
12 regulations as it shall deem necessary for the proper  
13 administration of all racing provided for in this subsection,  
14 including, but not limited to, portable stall rentals at one-day  
15 or two-day events.

16 (f) The fund moneys remaining following disbursements as  
17 directed in subsections (b), (c), (d) and (e) shall, except as  
18 provided in subsection (b), be divided among active licensed  
19 corporations that conduct harness horse race meetings under this  
20 act in direct proportion to the rate by which each licensed  
21 corporation generated the fund moneys during the previous year.  
22 The fund moneys so divided shall be used for purses as follows:

23 (1) A minimum of four races, claiming and nonclaiming,  
24 shall be carded per week on the condition sheet for overnight  
25 claiming and nonclaiming Pennsylvania Fund races which  
26 restrict entry to registered Pennsylvania-sired or wholly  
27 Pennsylvania-owned harness horses.

28 (2) Claiming and nonclaiming Pennsylvania Fund races  
29 which prefer registered Pennsylvania-sired harness horses as  
30 starters. In these races, should seven or more registered

1 Pennsylvania-sired harness horses pass the entry box, the  
2 race shall be considered closed to horses other than  
3 registered Pennsylvania-sired harness horses.

4 Section 225.1. Fair Fund proceeds.

5 The Secretary of Agriculture shall distribute certain moneys  
6 in the Fair Fund annually, on or before March 1, for  
7 reimbursement for each county agricultural society and each  
8 independent agricultural society conducting harness horse racing  
9 during its annual fair other than races for two- and three-year  
10 old colts and fillies, an amount of money equal to that used  
11 during their annual fair as purse money for harness horse  
12 racing, track and stable maintenance, starting gate rental and  
13 the cost of all harness horse racing officials required during  
14 their annual fair, but not more than \$13,000, a minimum of  
15 \$4,000 of which must be used for purse money and the balance of  
16 said allotment per fair, not used for purse money over the  
17 minimum \$4,000 allotment, shall be used for said specific  
18 purposes herein before referenced, or otherwise said allotment  
19 shall be retained in the fund. The State Harness Racing  
20 Commission shall cause to be carried out as its responsibility a  
21 yearly inspection of each track facility and shall advise each  
22 operating fair of necessary track maintenance which is necessary  
23 to insure adequate racing surface during the course of scheduled  
24 fairs and racing events. If it is the opinion of the commission  
25 that the fair society or event sponsor is not adequately  
26 financing track maintenance through its permissible  
27 reimbursement under this paragraph, the commission shall so  
28 surcharge the Fair Fund account of said fair society or event  
29 sponsor to effectuate said remediation.

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

1       If the commissions refuse to grant any license applied for  
2 under this act, or shall revoke or suspend any license granted,  
3 the applicant or licensee may demand, within ten days after  
4 notice of the decision of the appropriate commission, a hearing  
5 before the appropriate commission. The commission shall give  
6 prompt notice of the time and place for the hearing at which  
7 time the commission will hear the applicant or licensee. Pending  
8 the hearing and final determination, the action of the  
9 commissions in refusing to grant or in revoking or suspending a  
10 license shall remain in full force. The commissions may continue  
11 any hearing from time to time for the convenience of any of the  
12 parties. Any of the parties affected by a hearing may be  
13 represented by counsel. In the conduct of the hearing, the  
14 commissions shall not be bound by technical rules of evidence,  
15 but all evidence offered before the commissions shall be reduced  
16 to writing. All evidence, exhibits and findings of the  
17 commissions shall be permanently preserved and shall constitute  
18 the record of the commission. In connection with the hearing,  
19 the commissions shall have the power to administer oaths and  
20 examine witnesses, and may issue subpoenas to compel attendance  
21 of witnesses and the production of all material and relevant  
22 reports, books, papers, documents, correspondence and other  
23 evidence. The commissions may by order refer to one or more of  
24 its officers the duty of taking testimony in the matter and to  
25 report to the commission. Within 30 days after the conclusion of  
26 the hearing, the appropriate commission shall make a final order  
27 in writing, setting forth the reasons for the action taken by it  
28 and a copy thereof shall be served on the applicant or licensee.  
29 Section 227. Approval of the racing facility.

30       The commissions shall not grant to a corporation formed under

1 this act a license to conduct a horse race meeting at which  
2 pari-mutuel betting may be conducted, until the corporation has  
3 submitted to the appropriate commission a statement of the  
4 location of its proposed grounds and race track, together with a  
5 plan of the track and plans of all buildings, seating stands and  
6 other structures in a form as the appropriate commission may  
7 prescribe. All plans shall be approved by the appropriate  
8 commission before the issuance of any license to conduct a pari-  
9 mutuel horse race meeting.

10 Section 228. Prohibition of wagering by certain officials,  
11 employees and minors.

12 No commissioner, executive secretary, deputy, officer,  
13 representative, employee or counsel of the commission shall  
14 wager upon the outcome of any horse race conducted at a track at  
15 which pari-mutuel wagering is conducted by any licensed  
16 corporation of the commissions. No licensed corporation shall  
17 permit any person who is actually and apparently under 18 years  
18 of age to wager at a race meeting conducted by it. No licensed  
19 corporation shall permit any person who is under 18 years of age  
20 to attend a horse race meeting conducted by it unless the person  
21 is accompanied by a parent or guardian. This section shall not  
22 be construed to prohibit persons under 18 years of age, who are  
23 legally employed, from being upon the race track premises for  
24 the sole purpose of engaging in the performance of their duties  
25 as employees. The commissions shall, by rule, provide for  
26 enforcement of this section.

27 Section 229. State horse racing veterinarians and State  
28 stewards.

29 (a) The State Horse Racing Commission shall appoint and  
30 employ licensed veterinarians and stewards to serve as the horse

1 racing veterinarians and State stewards for horse racing,  
2 respectively, at each meeting conducted by a corporation  
3 licensed by the State Horse Racing Commission. The State Horse  
4 Racing Commission shall have the authority to employ other  
5 individuals as shall be necessary to carry out the  
6 responsibilities of this section.

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

10 (c) The State Horse Racing Commission shall establish a job  
11 description and professional criteria for stewards to assure  
12 that they have a working knowledge of the horse racing industry.  
13 Section 230. State harness racing veterinarians.

14 (a) The State Harness Racing Commission shall appoint and  
15 employ licensed veterinarians to serve as the harness racing  
16 veterinarians for harness racing at each meeting conducted by a  
17 corporation licensed by the State Harness Racing Commission. The  
18 State Harness Racing Commission shall have the authority to  
19 employ other individuals as shall be necessary to carry out the  
20 responsibilities under this section.

21 (b) The costs and compensation of the harness racing  
22 veterinarians and other individuals employed to carry out the  
23 provisions of this act shall be fixed and paid by the State  
24 Harness Racing Commission.

25 Section 231. Free passes, cards or badges.

26 (a) A licensed corporation shall not issue free passes,  
27 cards or badges without admission tax, except to persons  
28 hereafter described: officers, employees and shareholders of the  
29 corporation conducting the race meeting; members, officers and  
30 employees of the commissions; members of horse racing

1 associations of other states and foreign countries; public  
2 officers engaged in the performance of their duties; persons  
3 employed and accredited by the press to attend such meeting;  
4 owners, stable managers, trainers, jockeys, concessionaries and  
5 other persons whose actual duties require their presence at the  
6 race tracks.

7 (b) The commissions may allow a licensed corporation to  
8 issue free passes, cards or badges for special promotional  
9 programs and seasonal discount ticket programs, so long as the  
10 corporation has obtained approval from the appropriate  
11 commission. The admissions taxes under section 208 shall be  
12 imposed on the price of all seasonal discount tickets sold by a  
13 licensed corporation.

14 (c) The issuance of tax-free passes, cards or badges shall  
15 be under the rules and regulations of the commissions. A list of  
16 all persons, except persons admitted under an approved special  
17 promotional program or seasonal discount ticket program, to whom  
18 free passes, cards or badges are issued shall be filed with the  
19 appropriate commission.

20 Section 232. Political subdivision agricultural fairs and horse  
21 race meetings not licensed to conduct pari-mutuel  
22 wagering.

23 Pari-mutuel wagering on horse races at any county or other  
24 political subdivision, agricultural or other fair shall not be  
25 authorized. No lottery, pool selling, bookmaking or any other  
26 kind of gambling upon the results of races, heats or contests of  
27 speed of horses shall be allowed at any fair or at any horse  
28 race meeting conducted in the State, except those licensed to  
29 operate pari-mutuel wagering under the provisions of this act.

30 Section 233. Monitoring of wagering on video screens.

1 Every corporation licensed to conduct pari-mutuel betting  
2 shall display on video screens the approximate odds or  
3 approximate will-pays on each horse for each race as well as any  
4 combination of races including, but not limited to, quinellas,  
5 exactas, perfectas and any other combination or pool of races.  
6 No display of approximate odds or approximate will-pays shall be  
7 required where the wager is on horses in four or more races,  
8 such as "Pick 4, Pick 5 or Pick 6." In addition to displaying  
9 the amount of money wagered, the approximate odds or approximate  
10 will-pays on each horse or combination of horses shall be shown  
11 on video screens in each wagering division. For trifectas, in  
12 lieu of odds or approximate will-pays, the amount of money being  
13 wagered on each horse to win in the trifecta pool shall be  
14 displayed on video screens separately from any other  
15 information. The above required information shall be displayed  
16 from the opening of bets or wagering and be continually  
17 displayed until the wagering is closed. At least one video  
18 screen in each wagering division shall display the amount of  
19 money wagered on each horse involved in any trifecta pool.  
20 Section 234. Simulcasting.

21 The State Horse Racing Commission and the State Harness  
22 Racing Commission shall only permit intrastate simulcasting of  
23 live racing between two licensed corporations when each  
24 continues to schedule 95% of the total number of horse or  
25 harness racing days scheduled in 1986 at the facility where each  
26 said licensed corporation conducts its horse or harness racing  
27 dates, and when the average number of live horse or harness  
28 races per race day equals 90% of the average number of live  
29 horse or harness races conducted per day in 1985 at the facility  
30 where each said licensed corporation conducts its horse or

1 harness racing dates, subject to any actions or activities  
2 beyond the control of the licensee: Provided, however, That for  
3 any licensed corporation that was granted a permanent license  
4 for horse racing and operating at a facility where the average  
5 daily handle at the facility at which the licensed corporation  
6 conducts racing dates is less than \$150,000 in any calendar year  
7 after 1985, the State Horse Racing Commission may permit  
8 intrastate simulcasting when the licensed corporation first  
9 schedules a minimum of 50 racing days in the calendar year in  
10 which it wishes to simulcast. A newly licensed corporation  
11 racing at the facility may be permitted to intrastate simulcast  
12 by the State Horse Racing Commission when it first schedules at  
13 least 50 racing dates in the year in which it wishes to  
14 simulcast. If a newly licensed corporation is awarded harness or  
15 horse racing dates after 1987 and races those dates at a horse  
16 or harness racing facility existing in 1987, other than a  
17 facility whose average daily handle is less than \$150,000, the  
18 respective commissions shall not permit intrastate simulcasting  
19 unless the same number of horse or harness dates scheduled at  
20 that facility in 1987 are scheduled at that facility in the year  
21 that the corporation wishes to simulcast subject to any actions  
22 or activities beyond the control of the licensees (i.e. act of  
23 God, strike). For a licensed corporation awarded racing dates at  
24 a facility which did not conduct horse or harness racing prior  
25 to 1987, the respective commissions may permit intrastate  
26 simulcasting if the licensed corporation is the only corporation  
27 operating that facility when that corporation first schedules a  
28 minimum of 125 days of racing dates in the calendar year in  
29 which it wishes to simulcast or when more than one such  
30 corporation is awarded dates for racing at the same facility

1 when those corporations first schedule a minimum of 200 days of  
2 racing in the calendar year in which they wish to simulcast. For  
3 purposes of this section a racing day shall consist of a minimum  
4 of eight live races, except at thoroughbred tracks on Breeders'  
5 Cup Event Day. For any licensed racing corporation engaged in  
6 simulcasting, regardless of location or distance from another  
7 licensed racing corporation, there shall exist a written  
8 agreement with the horseman's organization representing a  
9 majority of the owners and trainers at both the sending and  
10 receiving racetracks. If no agreement can be reached, then the  
11 licensed corporation may petition the court of common pleas in  
12 the county in which the licensed corporation racetrack is  
13 located, which may, upon good cause shown by the licensed  
14 corporation that failure to consent would be detrimental to the  
15 Pennsylvania racing industry, direct the organization  
16 representing the horsemen to approve the simulcast agreement.  
17 The respective commission may then authorize the simulcasting,  
18 if, in the opinion of the appropriate commission, such  
19 simulcasting will have significant value to the Pennsylvania  
20 racing industry. The simulcast signal shall be encoded, and the  
21 racetrack receiving the simulcast signal shall not send this  
22 signal anywhere other than public locations authorized under  
23 section 218 or 218-A. All forms of pari-mutuel wagering  
24 described in section 221 shall be allowed on races to be  
25 televised by simulcasting under this section. The State Horse  
26 Racing Commission and the State Harness Racing Commission may  
27 promulgate regulations on wagering and the operation of these  
28 races. All money wagered by patrons on these races shall be  
29 computed in the amount of money wagered each racing day for  
30 purposes of taxation under section 222. In the event the

1 simulcast is between a thoroughbred racetrack and a harness  
2 racetrack, both commissions shall have jurisdiction, and any  
3 approval required hereunder must be received from both  
4 commissions: Provided, however, That if no agreement can be  
5 reached between the horseman's organization aforementioned, then  
6 the licensed corporation may petition the court of common pleas  
7 in the county in which the licensed corporation racetrack is  
8 located, which may, upon good cause shown by the licensed  
9 corporation that failure to consent would be detrimental to the  
10 Pennsylvania racing industry, direct the organization  
11 representing the horsemen to approve the simulcast agreement.  
12 The respective commissions may then authorize the simulcasting  
13 if, in the opinions of the respective commission, such  
14 simulcasting will have a significant value to the Pennsylvania  
15 racing industry. The provisions of this section with regard to  
16 the required number of racing days may be waived or modified by  
17 the applicable commission if the waiver or modification has been  
18 consented to by the horseman's organization representing a  
19 majority of the owners and trainers at the racetrack where the  
20 racing days are to be scheduled or raced.

21 Section 235. Commingling.

22 (a) This section shall be applicable only to licensed  
23 thoroughbred racing corporations.

24 (b) The race secretary shall receive entries and  
25 declarations as an agent for the licensed corporation for which  
26 the race secretary acts. The race secretary or an individual  
27 designated by the licensed corporation may receive stakes,  
28 forfeits, entrance money, jockey's and other fees, purchase  
29 money in claiming races and other money that can properly come  
30 into his possession as an agent for the licensed corporation for

1 which the race secretary or designee is acting.

2 (c) A licensed corporation shall maintain a separate  
3 account, called a Horsemen's Account. Money owing to owners in  
4 regard to purses, stakes, rewards, claims and deposits shall be  
5 deposited into the Horsemen's Account. Funds in the account  
6 shall be recognized and denominated as being the sole property  
7 of owners. Deposited funds may not be commingled with funds of  
8 the licensed corporation unless a licensed corporation has  
9 established, in favor of the organization which represents a  
10 majority of the owners and trainers racing with the licensed  
11 corporation, an irrevocable clean letter of credit with an  
12 evergreen clause. The minimum amount of the credit must be the  
13 greater of \$1,000,000 or 110% of the highest monthly balance in  
14 the Horsemen's Account in the immediate prior year. To calculate  
15 the monthly balance in the Horsemen's Account, the sum of the  
16 daily balances shall be divided by the number of days in the  
17 month. The evergreen clause must provide that, 30 days prior to  
18 the expiration of the letter of credit, the financial  
19 institution can elect not to renew the letter of credit; that,  
20 upon this election, the financial institution must notify the  
21 designee of the organization which represents a majority of the  
22 owners and trainers racing with the licensed corporation, by  
23 registered mail, return receipt requested, of the election not  
24 to renew; and that the financial institution will honor the  
25 letter of credit for six months after expiration. Purse money  
26 earned by owners shall be deposited by the licensed corporation  
27 in the Horsemen's Account within 48 hours after the result of  
28 the race in which the money was earned has been declared  
29 official and the purse has been released by the commission.

30 (d) A licensed corporation shall designate a bookkeeper who

1 is authorized to receive and disburse funds from the Horsemen's  
2 Account. The bookkeeper must be bonded to provide indemnity for  
3 malfeasance, nonfeasance and misfeasance. A certified copy of  
4 the bond shall be filed with the commission.

5 (e) The Horsemen's Account and the investment and deposit  
6 schedules relating to the account are subject to examination, at  
7 reasonable times, by a designee of the organization which  
8 represents a majority of the owners and trainers racing with the  
9 licensed corporation and by the commission. The bookkeeper shall  
10 provide each owner with access, at reasonable times during a  
11 racing day, to the amount of funds in the Horsemen's Account  
12 credited to that owner. At the close of a race meeting, the  
13 bookkeeper shall mail to each owner a record of deposits,  
14 withdrawals and transfers affecting the amount of funds in the  
15 Horsemen's Account credited to that owner.

16 (f) The Horsemen's Account shall be audited periodically as  
17 deemed appropriate by the commission. There shall be at least  
18 one audit per year. Monthly statements shall be provided to the  
19 designee of the organization which represents a majority of the  
20 owners and trainers racing with the licensed corporation.

21 (g) Fifty percent of the money earned as interest on funds  
22 in the Horsemen's Account shall be paid to the organization  
23 which represents a majority of the owners and trainers racing  
24 with the licensed corporation on a weekly basis. This amount  
25 shall be for the benefit of the horsemen as determined by the  
26 organization which represents the majority of the owners and  
27 trainers racing with the licensed corporation. The remaining 50%  
28 of the interest earned shall be for the benefit of the licensed  
29 corporation which shall have the responsibility to fund all  
30 costs associated with the administration of the fund. Interest

1 each month must be earned in an amount equal to the Federal  
2 Reserve Discount Rate on the first day of the month.

3 Section 236. Harness racing purse moneys.

4 Each licensed harness horse racing association must place on  
5 deposit with the State Harness Racing Commission by March 1 of  
6 each year an irrevocable letter of credit equivalent to its  
7 average weekly purse total from the immediate prior year. The  
8 commission shall hold the letter of credit in trust for the  
9 harness horsemen racing at that licensed corporation in the  
10 event that purse checks are not issued or that insufficient  
11 funds are available to cover the purse checks.

12 Section 237. Limitations on day and night racing.

13 (a) For the purpose of this section day racing shall be  
14 racing days for which the starting time for the first race is at  
15 or before 2:00 p.m., and night racing shall be racing days for  
16 which the starting time for the first race is after 5:00 p.m.  
17 Day racing may not be conducted at any racing facility after  
18 1985 on any comparable type racing day or holiday on which day  
19 racing was not conducted in 1985 unless all presently operating  
20 licensed corporations conducting day racing agree, in writing,  
21 to allow such day racing activities.

22 (b) Night racing may not be conducted at any racing facility  
23 after 1985 on any comparable type racing night or holiday on  
24 which night racing was not conducted in 1985 unless all  
25 presently operating racing facilities conducting night racing  
26 agree, in writing, to allow night racing activities.

27 (c) Each appropriate commission shall have the authority to  
28 grant exceptions to this section upon application by a licensed  
29 racing corporation for not more than five racing days per  
30 calendar year with respect to each licensed corporation. The

1 provisions of this section shall be effective until July 1,  
2 1991.]

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

4 CHAPTER 2-A

5 RACING OVERSIGHT

6 Section 201-A. State Racing Commission.

7 (a) Establishment.--The State Racing Commission is  
8 established as an independent administrative commission to  
9 regulate the operations of horse racing and the conduct of pari-  
10 mutuel wagering in this Commonwealth in accordance with this  
11 act.

12 (b) (Reserved).

13 (c) Membership.--

14 (1) The commission shall consist of five members  
15 appointed as follows:

16 (i) One member appointed by the Governor.

17 (ii) One member appointed by the President pro  
18 tempore of the Senate.

19 (iii) One member appointed by the Minority Leader of  
20 the Senate.

21 (iv) One member appointed by the Speaker of the  
22 House of Representatives.

23 (v) One member appointed by the Minority Leader of  
24 the House of Representatives.

25 (2) The commissioner appointed under paragraph (1)(i)  
26 shall hold office for a term of three years and until a  
27 successor is qualified. Each commissioner appointed under  
28 paragraph (1)(ii), (iii), (iv) and (v) shall hold office for  
29 a term of two years and until a successor is qualified. a  
30 commissioner appointed under paragraph (1)(i) may not serve

1 more than two three-year terms. A commissioner appointed  
2 under paragraph (1)(ii), (iii), (iv) and (v) may not serve  
3 more than three two-year terms. An appointment to fill a  
4 vacancy shall by for the remainder of the unexpired term.

5 (3) Each appointing authority shall make its  
6 appointments within 30 days of the effective date of this  
7 section. Appointments to fill a vacancy shall be made within  
8 10 days of the creation of the vacancy. An appointment shall  
9 not be final until receipt by the appointing authority of a  
10 background investigation of the appointee by the Pennsylvania  
11 State Police, which shall be completed within 30 days of the  
12 appointment. A person who has been convicted in a domestic or  
13 foreign jurisdiction of a felony, infamous crime, gambling  
14 offense or an offense related to fixing horse races or animal  
15 cruelty may not be appointed to the commission.

16 (4) The following shall apply to appointees and  
17 commissioners:

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

24 (ii) A person may not be appointed a commissioner if  
25 the person is a public official or party officer as  
26 defined in 4 Pa.C.S. § 1512 (relating to financial and  
27 employment interests) in this Commonwealth or any of its  
28 political subdivisions.

29 (iii) Each commissioner, employee and independent  
30 contractor of the commission must sign an agreement not

1 to disclose confidential information.

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

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

13 (vi) A commissioner, employee or independent  
14 contractor of the commission may not participate in a  
15 hearing, proceeding or other matter in which the member,  
16 employee or independent contractor, or the immediate  
17 family thereof, has a financial interest in the subject  
18 matter of the hearing or proceeding or other interest  
19 that could be substantially affected by the outcome of  
20 the hearing or proceeding without first fully disclosing  
21 the nature of the interest to the commission and other  
22 persons participating in the hearing or proceeding. The  
23 commission shall determine if the interest is a  
24 disqualifying interest that requires the disqualification  
25 or nonparticipation of an employee or independent  
26 contractor. For purposes of this paragraph, the term  
27 "immediate family" shall mean a spouse, parent, brother,  
28 sister or child.

29 (vii) At the time of appointment and annually  
30 thereafter, each commissioner shall disclose the

1 existence of any financial interest in any applicant,  
2 licensed racing entity or licensed facility and in an  
3 affiliate, intermediary, subsidiary or holding company  
4 thereof held by the member or known to be held by a  
5 commissioner's immediate family. The disclosure statement  
6 shall be filed with the executive director of the  
7 commission and with the appointing authority for such  
8 member and shall be open to inspection by the public at  
9 the office of the commission during the normal business  
10 hours of the commission and posted on the commission's  
11 Internet website for the duration of a commissioner's  
12 term and for two years after a commissioner leaves  
13 office. For purposes of this paragraph, the term  
14 "immediate family" shall mean a spouse, parent, brother,  
15 sister or child.

16 (viii) Prior to entering into employment or a  
17 contract with the commission and annually thereafter, an  
18 employee or independent contractor must disclose the  
19 existence of any financial interest in any applicant,  
20 licensed racing entity or licensed facility and in an  
21 affiliate, intermediary, subsidiary or holding company  
22 thereof owned or held by the employee or independent  
23 contractor or known to be held by the immediate family of  
24 the employee or independent contractor. The disclosure  
25 statement shall be filed with the commission and shall be  
26 open to inspection by the public at the office of the  
27 commission during the normal business hours of the  
28 commission and posted on the commission's Internet  
29 website for the duration of the employment or contract  
30 and for two years after termination of employment or a

1 contract with the commission. For purposes of this  
2 paragraph, the term "immediate family" shall mean a  
3 spouse, parent, brother, sister or child.

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

14 (x) Except for a commissioner appointed under  
15 paragraph (1)(ii) and (iii), a commissioner may not  
16 accept employment with an applicant for a horse racing  
17 license, a licensed racing entity, or an affiliate,  
18 intermediary, subsidiary or holding company thereof, for  
19 a period of two years from the termination of term of  
20 office.

21 (xi) A former commissioner may not appear before the  
22 commission in any hearing or proceeding or participate in  
23 any other activity on behalf of any applicant for a horse  
24 racing license, a licensed racing entity, or an  
25 affiliate, intermediary, subsidiary or holding company of  
26 an applicant or licensed racing entity for a period of  
27 two years from the termination of term of office.

28 (xii) A commissioner or employee of the commission  
29 may not accept a complimentary service, and except for a  
30 commissioner appointed under paragraph (1)(ii) and (iii)

1 place a wager or be paid any prize from any wager on a  
2 horse race at a racetrack or nonprimary location within  
3 this Commonwealth or at any other racetrack or nonprimary  
4 location outside this Commonwealth which is owned or  
5 operated by a licensed racing entity or any of its  
6 affiliates, intermediaries, subsidiaries or holding  
7 companies for the duration of the commissioner's or  
8 employee's term of office or employment.

9 (xiii) A commissioner who has been convicted during  
10 his term of office in a domestic or foreign jurisdiction  
11 of a felony, infamous crime, offense related to fixing or  
12 rigging horse races or gambling offense shall, upon  
13 conviction, be automatically removed from the commission  
14 and shall be ineligible to become a commissioner in the  
15 future.

16 (xiv) The following shall apply to an employee of  
17 the commission whose duties substantially involve  
18 licensing, enforcement, development of law, promulgation  
19 of regulations or development of policy, relating to  
20 horse racing under this act or who has other  
21 discretionary authority which may affect or influence the  
22 outcome of an action, proceeding or decision under this  
23 act, including the director of a bureau:

24 (A) The individual may not, for a period of two  
25 years following termination of employment, accept  
26 employment with or be retained by an applicant for a  
27 horse racing license or a licensed racing entity or  
28 by an affiliate, intermediary, subsidiary or holding  
29 company of an applicant or a licensed racing entity.

30 (B) The individual may not, for a period of two

1           years following termination of employment, appear  
2           before the commission in a hearing or proceeding or  
3           participate in activity on behalf of any applicant,  
4           licensee, permittee or licensed racing entity or on  
5           behalf of an affiliate, intermediary, subsidiary or  
6           holding company of any applicant, licensee, permittee  
7           or licensed racing entity.

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

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

21          (xvii) The State Ethics Commission shall publish a  
22          list of all employment positions within the commission  
23          whose duties would subject the individuals in those  
24          positions to the provisions of subparagraph (xiv). The  
25          commission shall assist the State Ethics Commission in  
26          the development of the list, which shall be published by  
27          the State Ethics Commission in the Pennsylvania Bulletin  
28          biennially and posted by the commission on the  
29          commission's Internet website. Upon request, employees of  
30          the commission shall have a duty to provide the State

1 Ethics Commission with adequate information to accurately  
2 develop and maintain the list. The State Ethics  
3 Commission may impose a civil penalty under 65 Pa.C.S. §  
4 1109(f) (relating to penalties) upon an individual who  
5 fails to cooperate with the State Ethics Commission under  
6 this subparagraph. An individual who relies in good faith  
7 on the list published by the State Ethics Commission  
8 shall not be subject to any penalty for a violation of  
9 subparagraph (xiv).

10 (xviii) A commissioner may not solicit, request,  
11 suggest or recommend the employment by the commission of:

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

16 (B) the spouse of the individual.

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

27 (xx) Except for a commissioner appointed under  
28 paragraph (1)(ii) and (iii), a commissioner or employee  
29 of the commission may not directly or indirectly have an  
30 ownership interest in a race horse which is entered in a

1 race meeting in this Commonwealth.

2 (5) The commissioner or employee of the commission shall  
3 serve as a fiduciary of the Commonwealth.

4 (6) Commissioners shall exercise the standard of care  
5 required by 20 Pa.C.S. Ch. 73 (relating to municipalities  
6 investments) in the performance of their duties under this  
7 act.

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

10 (i) Obligations of the commission.

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

13 (c.1) Chairperson.--The governor shall appoint the  
14 chairperson of the commission.

15 (c.2) Compensation.--Commissioners shall be reimbursed for  
16 documented expenses incurred in the performance of their  
17 official duties. Commissioners shall be paid \$300 per diem for  
18 performing their duties.

19 (c.3) Meetings.--The commission shall meet at least once a  
20 month and at other times as the commission chairperson deems  
21 necessary. Public notice of the time and place of meetings of  
22 the commission shall be given in accordance with 65 Pa.C.S. Ch.  
23 7 (relating to open meetings).

24 (c.4) Employees.--Commission employees shall be considered  
25 State employees for purposes of 71 Pa.C.S. Pt. XXV (relating to  
26 retirement for State employees and officers).

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

30 (c.6) Employee classification.--The commission shall be

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

4 (c.7) Administrative staff and facilities.--The Department  
5 of Agriculture shall provide administrative services,  
6 administrative staff and facilities to the commission. The  
7 commission shall execute a memorandum of understanding with the  
8 Department of Agriculture for purposes of establishing a  
9 schedule of reimbursement for the actual cost of providing  
10 administrative services, administrative staff and facilities.  
11 Reimbursements shall be paid from the State Racing Fund and  
12 shall be limited to actual costs, including salaries and  
13 benefits, and expenses of the employee providing the service.  
14 The Department of Agriculture shall retain records regarding any  
15 administrative service provided to the commission by a  
16 departmental employee.

17 (c.8) Applicability of other acts.--

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

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

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

23 (iii) The provisions of 65 Pa.C.S. Chs. 7 (relating  
24 to open meetings) and 11 (relating to ethics standards  
25 and financial disclosure).

26 (2) The commission shall be considered an independent  
27 agency for the purposes of 62 Pa.C.S. Pt. I (relating to  
28 Commonwealth procurement code). The expediting of payment of  
29 revenue to the Commonwealth shall not be grounds for an  
30 emergency procurement by the commission.

1       (3) The commission shall be considered an agency for the  
2 purposes of:

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

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

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

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

10           (i) The Bureau of Thoroughbred Horse Racing shall  
11 have oversight over the conduct of thoroughbred horse  
12 racing in this Commonwealth.

13           (ii) The Bureau of Standardbred Horse Racing shall  
14 have oversight over the conduct of standardbred horse  
15 racing in this Commonwealth.

16           (2) The Bureau of Thoroughbred Horse Racing and the  
17 Bureau of Standardbred Horse Racing shall each have a  
18 director and staff necessary to carry out the provisions of  
19 this act. The director of each bureau established in this  
20 section must meet any of the following requirements:

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

22           (ii) Have at least five years' experience in the  
23 management of a licensed racing entity.

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

26           (i) Evaluate and review all applicants and  
27 applications for a horse racing or harness racing  
28 license. A bureau under this section shall be prohibited  
29 from disclosing any portion of an evaluation to a  
30 commissioner prior to the decision relating to the

1 applicant's suitability for licensure by the commission.

2 (ii) Inspect and monitor licensees and other persons  
3 regulated under this act for noncriminal violations,  
4 including potential violations referred to either bureau  
5 by the commission or other person.

6 (iii) Monitor horse racing operations to ensure  
7 compliance with this act.

8 (iv) Inspect and examine licensed racing entities.

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

11 (B) Examinations may include the review of  
12 accounting, administrative and financial records,  
13 management control systems, procedures and other  
14 records.

15 (v) Refer possible criminal violation to law  
16 enforcement.

17 (vi) Cooperate in the investigation and prosecution  
18 of any criminal violation.

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

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

23 (2) A licensed person engaged in pari-mutuel horse  
24 racing activities.

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

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

30 (f) Voting.--

1       (1) Except as provided under paragraphs (2) and (3), any  
2 action, including the approval, issuance, denial or  
3 conditioning of a horse racing license by the commission, the  
4 making of any order or the ratification of a permissible act  
5 done or order made by one or more commissioners shall require  
6 a supermajority vote consisting of four of five  
7 commissioners.

8       (2) Any action to suspend, revoke, not renew, void or  
9 require forfeiture of a license or permit issued under this  
10 act, to impose an administrative fine or penalty or to issue  
11 cease and desist orders or similar enforcement actions shall  
12 require a majority vote of all commissioners.

13       (3) Notwithstanding any other provision of this act or  
14 65 Pa.C.S. § 1103(j) (relating to restricted activities), a  
15 commissioner must disclose the nature of his disqualifying  
16 interest, disqualify himself and abstain from voting in any  
17 hearing or proceeding in which the commissioner's  
18 objectivity, impartiality, integrity or independence of  
19 judgment may be reasonably questioned. If a commissioner has  
20 disqualified himself, the supermajority vote shall consist of  
21 all of the remaining commissioners.

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

24       (1) All documents provided to or filed with the  
25 commission relating to the regulation of horse racing and  
26 pari-mutuel wagering under this act. Documents may be  
27 designated as confidential in accordance with commission  
28 policy.

29       (2) A docket setting forth the names of all stockholders  
30 in a licensed racing entity. The docket shall be available

1 for public inspection during normal business hours of the  
2 commission.

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

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

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

7 (1) All rules and regulations promulgated under the  
8 former act of December 11, 1967 (P.L.707, No.331), referred  
9 to as the Pennsylvania Thoroughbred Horse Racing Law, or the  
10 former act of December 22, 1959 (P.L.1978, No.728), referred  
11 to as the Pennsylvania Harness Racing Law, shall remain in  
12 effect except to the extent that they are in direct conflict  
13 with this act. The commission may adopt, amend, revise or  
14 alter the rules and regulations as the commission deems  
15 necessary.

16 (2) The commission shall promulgate rules and  
17 regulations necessary for the administration and enforcement  
18 of this act. Except as provided in paragraph (3), regulations  
19 shall be promulgated in accordance with law.

20 (3) In order to facilitate the prompt implementation of  
21 this act, regulations promulgated by the commission shall be  
22 deemed temporary regulations which shall not expire for a  
23 period of three years following publication. Temporary  
24 regulations shall not be subject to:

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

27 (ii) The Regulatory Review Act.

28 (iii) Sections 204(b) and 301(10) of the  
29 Commonwealth Attorneys Act.

30 (4) The commission's authority to promulgate temporary

1 regulations under paragraph (3) shall expire three years  
2 after the effective date of this section. Regulations adopted  
3 after this period shall be promulgated as provided by law.

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

7 (j) Licenses.--Each license to conduct horse racing or any  
8 other activity under this act issued prior to January 1, 2017,  
9 shall remain in effect for the remainder of the term for which  
10 the license was issued unless revoked or suspended. Beginning  
11 January 1, 2017, a license shall be renewed or a new license  
12 shall be issued in accordance with this act.

13 (k) Report of commission.--Eighteen months after the  
14 effective date of this section and every year on that date  
15 thereafter, the commission shall issue a report to the Governor  
16 and each member of the General Assembly on the general operation  
17 of the commission and each licensee's performance, including  
18 number and win per race and total gross revenue at each facility  
19 of a licensed racing entity during the previous year, all taxes,  
20 fees, fines and other revenues collected and, where appropriate,  
21 disbursed, the costs of operation of the commission, all  
22 hearings conducted and the results of the hearings and other  
23 information that the commission deems necessary and appropriate.

24 (l) Record of proceedings.--The commission shall cause to be  
25 made and kept a record of all proceedings held at public  
26 meetings of the commission. The verbatim transcript of those  
27 proceedings shall be the property of the commission and shall be  
28 prepared by the commission upon the request of any commissioner  
29 or upon the request of any other person and the payment by that  
30 person of the costs of preparation.

1 (m) Public records.--Beginning 30 days after the effective  
2 date of this section, the commission shall post, within 45 days  
3 after the end of each month on its Internet website, a list of  
4 all the itemized expenses of employees and commissioners for  
5 that month that were or are to be reimbursed from the State  
6 Racing Fund. The list shall identify the nature of the expense,  
7 the employee, member or the agency and employee of the agency to  
8 which an expense is attributable. By October 1 of each year, a  
9 final report of all expenses described in this subsection for  
10 the preceding fiscal year shall be posted on the commission's  
11 Internet website and shall be submitted to the Appropriations  
12 Committee of the Senate, the Agriculture and Rural Affairs  
13 Committee of the Senate, the Appropriations Committee of the  
14 House of Representatives and the Agriculture and Rural Affairs  
15 Committee of the House of Representatives. Information posted on  
16 the Internet website pursuant to this subsection shall be  
17 financial records for the purposes of and subject to redaction  
18 under the Right-to-Know Law.

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

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

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

26 (2) The commission shall require applicants under this  
27 act to submit to fingerprinting and photographing by the  
28 Pennsylvania State Police or by a local law enforcement  
29 agency capable of submitting fingerprints and photographs  
30 electronically to the Pennsylvania State Police utilizing the

1 Integrated Automated Fingerprint Identification System and  
2 the Commonwealth Photo Imaging Network or in a manner  
3 provided by the Pennsylvania State Police. The Pennsylvania  
4 State Police shall submit fingerprints to the Federal Bureau  
5 of Investigation to verify the identity of applicants and to  
6 obtain criminal records. The commission shall consider  
7 information obtained pursuant to this paragraph for the  
8 purpose of screening applicants for fitness for licensure in  
9 accordance with the provisions of this act. National criminal  
10 history record information received by the commission shall  
11 be handled and maintained in accordance with Federal Bureau  
12 of Investigation policy. Fingerprints and photographs  
13 obtained under this paragraph may be maintained by the  
14 commission and the Pennsylvania State Police to enforce this  
15 act and for general law enforcement purposes. In addition to  
16 any other fee or cost assessed by the commission, an  
17 applicant shall pay for the cost of fingerprinting and  
18 photographing. The commission may exempt certain categories  
19 of employment from this paragraph.

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

23 (4) The commission or designated employee of the  
24 commission shall have the power to administer oaths and  
25 examine witnesses and may issue subpoenas to compel  
26 attendance of witnesses and production of all relevant and  
27 material reports, books, papers, documents, correspondence  
28 and other evidence related to regulation and enforcement of  
29 horse racing under this act.

30 (5) The commission's consideration and resolution of all

1 license or permit applications shall be conducted in  
2 accordance with 2 Pa.C.S. (relating to administrative law and  
3 procedure) or with procedures adopted by order of the  
4 commission. Notwithstanding 2 Pa.C.S. §§ 504 (relating to  
5 hearing and record) and 505 (relating to evidence and cross-  
6 examination), the commission may adopt procedures to provide  
7 parties before it with a documentary hearing and may resolve  
8 disputed material facts without conducting an oral hearing  
9 where constitutionally permissible.

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

12 (i) uniform drug threshold levels;

13 (ii) consistent sanctions for drug testing  
14 violations; and

15 (iii) a system to monitor advanced deposit wagering  
16 and online wagering company activities.

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

20 (8) The commission shall ensure that each licensed  
21 racing entity's racetrack surface is maintained in such a way  
22 as to maximize the safety of the horse, rider or driver. The  
23 commission may develop guidelines to carry out this  
24 paragraph.

25 Section 203-A. Budget.

26 The commission shall annually submit an itemized proposed  
27 budget to the Office of the Budget and the chairman and minority  
28 chairman of the Appropriations Committee of the Senate and the  
29 chairman and minority chairman of the Appropriations Committee  
30 of the House of Representatives consisting of amounts to be

1 appropriated from the State Racing Fund, the Pennsylvania Race  
2 Horse Development Fund or the General Fund to administer and  
3 enforce this act.

4 Section 204-A. Location.

5 After January 1, 2017, a licensed racing entity that holds a  
6 license issued under this act shall conduct a horse race meeting  
7 at the location designated and approved by the commission.

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

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

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

20 Section 206-A. Department of Revenue.

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

29 Section 207-A. Allocation of racing days.

30 (a) General rule.--

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

4       (2) The provisions of this section and 4 Pa.C.S. § 1303  
5 (a)(2) and (b) may be waived or modified by the commission if  
6 the waiver or modification has been agreed to by the  
7 horseman's organization representing a majority of horse  
8 owners and trainers at the racetrack where the racing days  
9 are to be scheduled or raced.

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

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

19       (1) the names and addresses of the licensed racing  
20 entity;

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

23       (3) any other information the commission deems  
24 appropriate.

25       (c) Cancellation.--

26       (1) If a racing day is canceled by a licensed racing  
27 entity for reasons beyond the licensed racing entity's  
28 control, the commission shall grant the licensed racing  
29 entity the right to conduct that racing day in the same or  
30 the next ensuing calendar year, if schedules permit.

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

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

8 (a) Procedure and terms.--

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

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

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

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

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

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

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

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

4       (c) Applications.--Applications to conduct horse racing  
5 shall be in the form prescribed by the commission and shall  
6 contain information as the commission may require.

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

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

12               (i) A felony in any jurisdiction.

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

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

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

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

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

1 commission shall consider the following factors:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28       (5) The licensee has been convicted in any jurisdiction  
29 of an offense related to fixing or rigging horse races,  
30 including 18 Pa.C.S. § 4109 or 7102, or any similar crime in

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

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

11 (g) Renewal.--A license shall be renewed every three years  
12 and may not be transferred.

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

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

20 Section 209-A. Code of conduct.

21 (a) Scope.--The commission shall adopt a comprehensive code  
22 of conduct prior to the consideration of any license, permit or  
23 registration application. The code of conduct shall supplement  
24 all other requirements under this part and 65 Pa.C.S. Pt. II  
25 (relating to accountability) and shall provide guidelines  
26 applicable to members, employees of the commission, independent  
27 contractors and the immediate family of the members, employees  
28 and independent contractors to enable them to avoid any  
29 perceived or actual conflict of interest and to promote public  
30 confidence in the integrity and impartiality of the commission.

1 At a minimum, the code of conduct adopted under this section  
2 shall include registration of licensed entity representatives  
3 under subsection (b) and the restrictions under subsections (c)  
4 and (d).

5 (b) Registration.--

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

12 (2) A licensed entity representative shall have an  
13 affirmative duty to update its registration information on an  
14 ongoing basis, and failure to do so shall be punishable by  
15 the commission.

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

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

23 (1) Not accept any discount, gift, gratuity,  
24 compensation, travel, lodging or other thing of value,  
25 directly or indirectly, from any applicant, licensed racing  
26 entity, affiliate, subsidiary or intermediary of an applicant  
27 or a licensed racing entity, permittee, registrant or  
28 licensed entity representative.

29 (2) Disclose a conflict of interest and recuse himself  
30 from any hearing or other proceeding in which the

1 commissioner's objectivity, impartiality, integrity or  
2 independence of judgment may be reasonably questioned due to  
3 the commissioner's relationship or association with a party  
4 connected to any hearing or proceeding or a person appearing  
5 before the commission.

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

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

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

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

21 (d) Ex parte communications.--

22 (1) A commissioner or hearing officer may not engage in  
23 any ex parte communication with any person.

24 (2) If a commissioner or hearing officer received or  
25 engaged in an ex parte communication, a commissioner or  
26 hearing officer shall inform the director of the appropriate  
27 bureau who shall notify all parties directly affected by the  
28 anticipated vote or action of the commissioner or hearing  
29 officer related to the ex parte communication of the  
30 substance of the communication and provide the parties with

1 an opportunity to respond.

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

9 (4) A commissioner or hearing officer who engaged in or  
10 received an ex parte communication and elects not to  
11 disqualify himself from the hearing or proceeding shall state  
12 the reasons for not disqualifying himself on the record prior  
13 to the commencement of the hearing or proceeding.

14 (5) If a commissioner disqualifies himself under this  
15 subsection, a supermajority vote under this act shall consist  
16 of the remaining commissioners.

17 (6) Failure of a hearing officer who received or engaged  
18 in an ex parte communication to disqualify himself under this  
19 subsection shall be grounds for appeal to the commission.

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

26 (8) This subsection shall not preclude a commissioner  
27 from consulting with other commissioners individually if the  
28 consultation complies with 65 Pa.C.S. Ch. 7 (relating to open  
29 meetings) or with commission employees or independent  
30 contractors whose functions are to assist the commission in

1 carrying out its adjudicative functions.

2 Section 210-A. Financial and employment interests.

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

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

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

19 Section 212-A. (Reserved).

20 Section 213-A. Licenses for individuals.

21 (a) General rule.--The commission shall develop a licensing,  
22 permitting or other classification system for the regulation of  
23 vendors, trainers, jockeys, drivers, horseman's organizations,  
24 horse owners, backside area employees and other individuals  
25 participating in horse racing and all other persons required to  
26 be licensed or permitted as determined by the commission. The  
27 license shall not be a property right.

28 (b) Fee.--The commission shall fix and may establish classes  
29 for application fees to be paid by individuals. A license or  
30 permit fee shall not exceed \$500. All fees shall be paid to the

1 commission and deposited into the State Racing Fund.

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

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

20 (e) Licenses.--The commission may issue one of the  
21 following:

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

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

26 (f) Processing and issuance.--The commission shall adopt  
27 regulations to fix the manner by which licenses are processed  
28 and issued.

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

30 (1) The commission may not issue a license or permit

1 under this section to an individual who has been convicted in  
2 a jurisdiction of a felony offense, a misdemeanor gambling  
3 offense or a fraud or misrepresentation in connection with  
4 horse racing or breeding, unless 15 years has passed from the  
5 date of conviction of the offense.

6 (2) Following expiration of a period applicable to an  
7 applicant under paragraph (1), in determining whether to  
8 issue a license or permit to an applicant, the commission  
9 shall consider the following factors:

10 (i) The nature of the applicant's involvement with  
11 horse racing.

12 (ii) The nature and seriousness of the offense or  
13 conduct.

14 (iii) The circumstances under which the offense or  
15 conduct occurred.

16 (iv) The age of the applicant when the offense or  
17 conduct occurred.

18 (v) Whether the offense or conduct was an isolated  
19 or a repeated incident.

20 (vi) Any evidence of rehabilitation, including good  
21 conduct in the community, counseling or psychiatric  
22 treatment received and the recommendations of persons who  
23 have substantial contact with the applicant.

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

29 (1) (Reserved).

30 (2) Has been convicted of any violation or attempts to

1 violate any law, rule or regulation of horse racing in any  
2 jurisdiction.

3 (3) Has been convicted of an offense under 18 Pa.C.S. §  
4 5511 (relating to cruelty to animals).

5 (4) Has violated a rule, regulation or order of the  
6 commission.

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

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

17 (i) Is a person of good character, honesty and  
18 integrity.

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

21 (A) Do not pose a threat to the public interest  
22 or the effective regulation and control of horse  
23 racing.

24 (B) Do not create or enhance the danger of  
25 unsuitable, unfair or illegal practices, methods and  
26 activities in the conduct of horse racing or the  
27 carrying on of the business and financial  
28 arrangements incidental to the conduct of horse  
29 racing.

30 (h) Inspection.--The commission shall have the right to

1 inspect all contracts between licensed racing entities and  
2 vendors for goods and services. The commission shall adopt  
3 regulations to require vendors to disclose all principal owners  
4 and officers and a description of their interests in the  
5 vendors' businesses. Failure to disclose this information shall  
6 constitute grounds to deny, to revoke or to suspend any vendor's  
7 license issued under this act.

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

16 (j) Hearings.--The commission may suspend a license under  
17 subsection (i) pending a hearing on the matter, which must occur  
18 within 10 days of the suspension.

19 (k) Reciprocity.--The commission shall not grant licenses to  
20 residents of states that prohibit the grant of licenses to  
21 residents of this Commonwealth on the basis of in-state  
22 preference.

23 (l) Criminal action.--

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

27 (2) In addition to the authority conferred upon the  
28 Attorney General under the act of October 15, 1980 (P.L.950,  
29 No.164), known as the Commonwealth Attorneys Act, the  
30 Attorney General shall have the authority to investigate and,

1 following consultation with the appropriate district  
2 attorney, to institute criminal proceedings for a violation  
3 of this act. A person charged with a violation of this act by  
4 the Attorney General shall not have standing to challenge the  
5 authority of the Attorney General to investigate or prosecute  
6 the case, and, if any such challenge is made, the challenge  
7 shall be dismissed and no relief shall be available in the  
8 courts of this Commonwealth to the person making the  
9 challenge.

10 (m) Regulatory action.--Nothing contained in subsection (l)  
11 shall be construed to limit the existing regulatory or  
12 investigative authority of an agency or the Commonwealth whose  
13 functions relate to persons or matters within the scope of this  
14 part.

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

16 (1) The commission, the Attorney General and the  
17 Pennsylvania State Police shall have the authority without  
18 notice and without warrant to do all of the following in the  
19 performance of their duties:

20 (i) Inspect and examine all premises where horse  
21 racing is conducted, or where records of these activities  
22 are prepared or maintained.

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

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

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

30 (v) Seize, impound or assume physical control of any

1 book, record, ledger or device.

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

5 (3) To further effectuate the purposes of this chapter,  
6 the commission and the Pennsylvania State Police may obtain  
7 administrative warrants for the inspection and seizure of  
8 property possessed, controlled, bailed or otherwise held by  
9 an applicant, licensee, permittee, intermediary, subsidiary,  
10 affiliate or holding company.

11 Section 214-A. Providers.

12 Beginning at the renewal of an existing contract or execution  
13 of a new contract, a person that provides totalisator services  
14 to a licensed person located in this Commonwealth shall be  
15 licensed by the commission and remit an annual license fee not  
16 to exceed \$100,000. The license fee shall be deposited in the  
17 State Racing Fund. The provider shall submit information on  
18 operating systems and procedures as required by the commission.

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

20 (a) General rule.--The commission may impose administrative  
21 finances upon any licensed or unlicensed racing entity, association  
22 or person participating in horse racing at which pari-mutuel  
23 wagering is conducted, other than as a patron, for a violation  
24 of any provision of this act or rule or regulation of the  
25 commission, not exceeding \$100,000 for each violation. Each day  
26 may be considered a separate violation. Fines shall be deposited  
27 in the State Racing Fund and may be appropriated for the  
28 enforcement of this act.

29 (b) Interests.--

30 (1) No owner, officer or employee of a licensed racing

1 entity or their immediate family shall have any direct or  
2 indirect interest in a race horse that is participating in a  
3 race at a meet at which the person or relative listed under  
4 this paragraph holds any interest in the licensed racing  
5 entity conducting the meet or in the racetrack facility. For  
6 the purposes of this paragraph, the term "immediate family"  
7 shall mean spouse, parent, brother, sister or child.

8 (2) The commission shall impose a fine upon any person  
9 for a violation of this subsection in accordance with  
10 subsection (a).

11 Section 216-A. Admission to racetrack.

12 (a) Power of licensed racing entity.--Except as provided in  
13 subsection (b), a licensed racing entity may refuse admission to  
14 and eject from the enclosure of the racetrack operated by the  
15 licensed racing entity, any person licensed by the commission  
16 under this act and employed at an occupation at the racetrack if  
17 the person's presence is deemed detrimental to the best  
18 interests of horse racing and after citing the reasons for the  
19 determination. The action of the licensed racing entity, if  
20 refusing the person admission to or ejecting the person from a  
21 race meeting ground or enclosure, shall have immediate effect.  
22 The person refused admission or ejected shall receive a hearing  
23 before the commission, if requested, pursuant to rules and  
24 regulations adopted for that purpose by the commission and a  
25 decision rendered following that hearing.

26 (b) Admission.--A licensed racing entity may not refuse  
27 admission to or eject a law enforcement official, commission  
28 member or employee or employee of the Department of Revenue  
29 while the official is engaged in the performance of the  
30 individual's official duties.

1 Section 217-A. Security personnel.

2 (a) General rule.--The commission shall require licensed  
3 racing entities to employ persons as security. Designated  
4 security personnel:

5 (1) Shall refer possible violations of the criminal laws  
6 of this Commonwealth within the racetrack or enclosure to law  
7 enforcement.

8 (2) May interrogate, eject or exclude from the racetrack  
9 or enclosure any persons suspected of violating a rule or  
10 regulation promulgated by the commission in accordance with  
11 section 216-A, or any person whose presence this is, in the  
12 judgment of the commission, inconsistent with orderly or  
13 proper conduct of a race meeting or whose presence or conduct  
14 is deemed detrimental to the best interests of horse racing.

15 (3) May not interrogate, eject or exclude from the  
16 racetrack or enclosure any person because of the race, creed,  
17 color, sex, sexual orientation, national origin or religion  
18 of that person.

19 (b) Penalty.--An individual found within a racetrack or  
20 enclosure after having been ejected therefrom shall, upon  
21 conviction, be guilty of a summary offense and be sentenced to  
22 pay a fine of not more than \$500.

23 Section 218.1-A. Interstate simulcasting.

24 The commission may approve the application of a licensed  
25 racing entity to electronically televise simulcasts of horse  
26 races to be operated by the licensed racing entity at the  
27 racetrack enclosure where a horse race is being conducted  
28 during, between, before or after posted races for that racing  
29 day. Each simulcast of horse races from outside this  
30 Commonwealth shall comply with the Interstate Horseracing Act of

1 1978 (Public Law 95-515, 15 U.S.C. § 3001 et seq.). All forms of  
2 pari-mutuel wagering under section 221-A shall be allowed on  
3 horse races to be televised by simulcasting. The commission  
4 shall promulgate regulations regarding the wagering and the  
5 operation of interstate simulcasting of horse racing. All money  
6 wagered on horse races shall be computed in the amount of money  
7 wagered each racing day for purposes of taxation under section  
8 224-A.

9 Section 219-A. Televised simulcastings.

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

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

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

1           (2) Forms of pari-mutuel wagering shall be allowed on  
2 horse races to be televised by simulcasting. The commission  
3 may permit pari-mutuel pools in this Commonwealth to be  
4 combined with pari-mutuel pools created under the laws of  
5 another jurisdiction and may permit pari-mutuel pools created  
6 under the laws of another jurisdiction to be combined with  
7 pari-mutuel pools in this Commonwealth. The commission shall  
8 promulgate regulations necessary to regulate wagering on  
9 televised simulcasts.

10       (c) Taxation.--Money wagered by patrons in this Commonwealth  
11 on horse races shall be computed by the amount of money wagered  
12 each racing day for purposes of taxation under section 224-A.  
13 Thoroughbred races shall be considered a part of a thoroughbred  
14 horse race meeting and standardbred horse races shall be  
15 considered a part of a standardbred horse race meeting.  
16 Section 220-A. Place and manner of conducting pari-mutuel  
17 wagering.

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

27           (1) The approximate straight odds on each horse in any  
28 race.

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

1           (3) The elapsed time of the race.

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

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

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

11           (1) Messages to place wagers shall be to a place within  
12           the racetrack enclosure.

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

16          The commission may promulgate regulations necessary to regulate  
17          electronic wagering for horse racing.

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

24           (e) Conditions.--

25           (1) A licensed racing entity shall only accept and  
26           tabulate a wager by a direct request via electronic media  
27           from the holder of an electronic wagering account. Only the  
28           holder of the electronic wagering account shall place a  
29           wager.

30           (2) Any person who violates this subsection commits a

1 misdemeanor of the first degree.

2 (f) Primary market area.--

3 (1) No licensed racing entity may accept a wager or  
4 establish electronic wagering for any person located in the  
5 primary market area of a racetrack, other than the racetrack  
6 at which the licensed racing entity is conducting a race  
7 meeting.

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

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

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

17 (1) Notwithstanding any other provision of this act,  
18 beginning January 1, 2017, the commission may approve a  
19 licensed racing entity to continue to operate a nonprimary  
20 location where it has conducted pari-mutuel wagering on horse  
21 races conducted by the licensed racing entity. The licensed  
22 racing entity may continue to conduct pari-mutuel wagering at  
23 the location on horse races conducted by another licensed  
24 racing entity, which horse races may be televised to the  
25 location or on horse races simulcast to the location under  
26 section 216-A, provided that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 parties.

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

8 Nothing in this subsection shall be construed to prevent a  
9 licensed racing entity from agreeing to distribute amounts  
10 greater than the percentages set forth in this subsection.  
11 However, if no alternative agreement has been reached, the total  
12 percentage for purses under this subsection shall be paid in  
13 accordance with the minimum percentages set forth in this  
14 subsection.

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

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

29 Every licensed racing entity that conducts a horse race  
30 meeting at which pari-mutuel wagering is authorized, shall

1 maintain books and records that clearly show by separate record  
2 the total amount of money contributed to every pari-mutuel pool.  
3 The Department of Revenue or its authorized representative shall  
4 have access to examine all books and records and ascertain  
5 whether the proper amount due to the State is being paid by the  
6 licensed racing entity.

7 Section 223-A. Filing of certain agreements with the  
8 commission.

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

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

15 (a) Fund.--There is hereby established in the State Treasury  
16 the State Racing Fund. A licensed racing entity that conducts  
17 horse race meetings or a licensed advance deposit account  
18 wagering entity shall pay a tax to the Department of Revenue for  
19 deposit in the State Racing Fund.

20 (b) Tax rate.--The tax imposed on a licensed racing entity  
21 or licensed advance deposit account wagering entity shall be  
22 1.5% of the amount wagered each racing day and 2.5% of the total  
23 amount on an exacta, daily double, quinella and trifecta wager.

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

27 (1) Funds to the commission in an amount appropriated by  
28 the General Assembly.

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

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

4 (1) Seventy-five percent of the breakage shall be paid  
5 to the Department of Revenue for credit to the State Racing  
6 Fund.

7 (2) Twenty-five percent of the breakage shall be  
8 retained by the licensed corporations to be used solely for  
9 purses to the horsemen. All breakage money due to licensed  
10 racing entities for the purses for claiming and nonclaiming  
11 races under this paragraph but not expended as a result of a  
12 race cancellation shall be carried forward to the next  
13 succeeding horse race meeting by licensed racing entities to  
14 be used for claiming and nonclaiming races which restrict  
15 entry to horses sired in this Commonwealth under the  
16 provisions of this paragraph.

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

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

24 (2) An amount equivalent to 1.5% of the amount wagered  
25 each racing day at standardbred horse race meetings shall be  
26 paid by the Department of Revenue from the State Racing Fund  
27 through the Department of Revenue for credit to the  
28 Pennsylvania Sire Stakes Fund established under section 227-  
29 A.

30 (3) The remainder of the amount wagered each racing day

1 shall be deposited in the State Racing Fund, for  
2 appropriation for the promotion of horse racing.

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

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

7 (a) Distribution.--A licensed racing entity shall distribute  
8 money in a pari-mutuel pool to the holders of winning tickets  
9 presented for payment before the first day of April of the year  
10 following the date of purchase. After April 1 of the year  
11 following the year of purchase, a licensed racing entity shall  
12 forward the necessary funds held for uncashed tickets to the  
13 Department of Revenue. The funds shall be deposited into the  
14 State Racing Fund.

15 (b) Remainder.--The remainder of the money shall be retained  
16 by the licensed racing entity in the following manner:

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

22 (2) Twenty percent of the money plus breakage from the  
23 exacta, daily double, quinella and other wagering pools as  
24 determined by the commission.

25 (3) At least 26%, but no more than 35%, from the  
26 trifecta or other wagering pools as determined by the  
27 commission.

28 (c) Retention.--A licensed racing entity may retain lesser  
29 percentages upon approval of the commission.

30 Section 226-A. Pennsylvania Breeding Fund.

1 (a) Establishment.--There is hereby created a restricted  
2 account in the State Racing Fund to be known as the Pennsylvania  
3 Breeding Fund which shall consist of the money deposited under  
4 section 225-A and which shall be distributed by the Department  
5 of Revenue.

6 (b) Awards from the Pennsylvania Breeding Fund.--The  
7 Department of Revenue shall distribute money from the  
8 Pennsylvania Breeding Fund as follows:

9 (1) An award of 30% of the purse earned by every  
10 registered thoroughbred racing horse sired in this  
11 Commonwealth by a registered Pennsylvania sire at the time of  
12 conception of the registered thoroughbred racing horse sired  
13 in this Commonwealth, or an award of 20% of the purse earned  
14 by every registered thoroughbred racing horse sired in this  
15 Commonwealth sired by a nonregistered sire, which finishes  
16 first, second or third in any race conducted by a licensed  
17 racing entity under this act shall be paid to the breeder of  
18 said registered thoroughbred racing horse sired in this  
19 Commonwealth. A single award under this paragraph may not  
20 exceed 1% of the total annual fund money.

21 (2) An award of 10% of the purse earned by any  
22 thoroughbred racing horse sired in this Commonwealth which  
23 finishes first, second or third in any race conducted by a  
24 licensed racing entity under this act shall be paid to the  
25 owner of the registered Pennsylvania sire which regularly  
26 stood in Pennsylvania at the time of conception of the  
27 thoroughbred racing horse sired in this Commonwealth. A  
28 single award under this paragraph may not exceed 0.5% of the  
29 total annual fund money.

30 (3) An award of 10% of the purse earned by any

1 registered thoroughbred racing horse sired in this  
2 Commonwealth which finishes first in any race conducted by a  
3 licensed racing entity under this act not restricting entry  
4 to registered thoroughbreds racing horse sired in this  
5 Commonwealth shall be paid to the licensed owner of said  
6 registered thoroughbred horse sired in this Commonwealth at  
7 the time of winning. A single award under this paragraph may  
8 not exceed 0.5% of the total annual fund money.

9 (c) Purses from Pennsylvania Breeding Fund.--Up to one-fifth  
10 of the total of the estimated Pennsylvania Breeding Fund money  
11 remaining each year after the deduction of expenses related to  
12 the administration and development of the Pennsylvania Breeding  
13 Fund program and the payment of breeder, stallion and owner  
14 awards, shall be divided among the licensed racing entities that  
15 conduct thoroughbred horse race meetings in direct proportion to  
16 the rate by which each licensed racing entity generated the fund  
17 money during the previous year to be used solely for purses for  
18 Pennsylvania Breeding Fund stakes races which restrict entry to  
19 registered thoroughbred racing horse sired in this Commonwealth.

20 (d) Remaining funds.--The Pennsylvania Breeding Fund money  
21 remaining following disbursements as directed in subsection (b)  
22 (1), (2) and (3) and subsection (c) shall be divided among the  
23 licensed racing entities that conduct thoroughbred horse race  
24 meetings in direct proportion to the rate by which each licensed  
25 racing entity generated the fund money during the previous year  
26 to be used for purses as follows:

27 (1) Claiming and nonclaiming Pennsylvania Breeding Fund  
28 races which restrict entry to registered thoroughbred racing  
29 horses sired in this Commonwealth.

30 (2) Claiming and nonclaiming Pennsylvania Breeding Fund

1  races which prefer registered thoroughbred racing horses  
2  sired in this Commonwealth as starters. In these races,  
3  should eight or more registered thoroughbred racing horses  
4  sired in this Commonwealth pass the entry box, the race shall  
5  be considered closed to horses other than registered  
6  thoroughbred racing horses sired in this Commonwealth.

7  (e) Funds not expended.--Pennsylvania Breeding Fund money  
8  due to licensed racing entities, as outlined in subsections (c)  
9  and (d), but not expended during the calendar year may be  
10  carried forth in the fund on the accounts of the licensed racing  
11  entities to be expended during the succeeding year in addition  
12  to the racing entities' fund money annually due to them for  
13  purses.

14  (e.1) Committee.--There is hereby established the  
15  Pennsylvania Breeding Fund Advisory Committee within the  
16  commission. The committee shall consist of five individuals, who  
17  are residents of this Commonwealth, to be appointed by the  
18  commission by June 1 of each year based on the recommendation of  
19  the groups identified in this subsection. If a member other than  
20  a commissioner has not been recommended by June 1 of each year,  
21  the commission shall make an appointment for the organization  
22  failing to so recommend a member of the committee. The committee  
23  shall assist and advise the commission on the regulation of  
24  horse racing under this act but shall have no power in  
25  administering the fund. Members of the advisory committee shall  
26  not receive compensation or reimbursements for participation on  
27  the committee. The committee shall consist of the following  
28  members:

29  (1) Two members representing the Pennsylvania Horse  
30  Breeders' Association.

1           (2) One member representing licensed racing entities.

2           (3) One member representing the association representing  
3           horsemen racing in Pennsylvania.

4           (4) One member of the commission.

5           (f) Pennsylvania Horse Breeders' Association.--The  
6           commission shall contract with the Pennsylvania Horse Breeders'  
7           Association as the organization responsible for the registration  
8           and records of thoroughbred racing horses sired in this  
9           Commonwealth. The Pennsylvania Horse Breeders' Association shall  
10           advise the commission when called upon and shall determine the  
11           qualifications for thoroughbred racing horses sired in this  
12           Commonwealth and Pennsylvania sires. Registration and records of  
13           the association shall be official records of the Commonwealth  
14           and shall be subject to the act of February 14, 2008 (P.L.6,  
15           No.3), known as the Right-to-Know Law. At the close of each  
16           calendar year, the Pennsylvania Horse Breeders' Association  
17           shall submit to the commission for its approval an itemized  
18           budget of projected expenses for the ensuing year relating to  
19           the administration and development of the Pennsylvania Breeding  
20           Fund Program. The commission shall reimburse the Pennsylvania  
21           Horse Breeders' Association for those expenses actually incurred  
22           in the administration and development of the Pennsylvania  
23           Breeding Fund Program from the Pennsylvania Breeding Fund, no  
24           more than on a quarterly basis. No more than 5% of the fund may  
25           be utilized for administrative costs.

26           Section 227-A. Pennsylvania Sire Stakes Fund.

27           (a) Establishment.--There is created a restricted account in  
28           the State Racing Fund to be known as the Pennsylvania Sire  
29           Stakes Fund which shall consist of the money deposited under  
30           section 225-A and which shall be administered by the commission.

1 (b) Distribution and use of funds.--Funds shall be

2 distributed as follows:

3 (1) Sixty percent of the money remaining in the excess  
4 fund account of the Pennsylvania Sire Stakes Fund at the end  
5 of the calendar year in which this subsection is enacted  
6 shall be distributed to licensed racing entities that conduct  
7 standardbred horse race meetings to be used in the next  
8 succeeding calendar year as purse money for Pennsylvania-  
9 sired horses. The remaining 40% of the money in the excess  
10 fund account at the end of the calendar year of the enactment  
11 of this subsection, together with the interest earned on that  
12 money, shall be distributed to licensed racing entities that  
13 conduct standardbred horse race meetings to be used in the  
14 next succeeding calendar year as purse money for  
15 Pennsylvania-sired horses.

16 (2) After deduction of sufficient funds to cover the  
17 commission's cost of administration, 80% of all remaining  
18 money in the Pennsylvania Sire Stakes Fund at the end of the  
19 calendar year shall be distributed to licensed racing  
20 entities that conduct standardbred horse race meetings to be  
21 used as purse money for Pennsylvania-sired horses. The  
22 commission may allocate up to a total of 40% of the amount to  
23 be distributed to licensed racing entities in a calendar year  
24 for use for a series of championship final races at the  
25 racetracks of licensed business entities that conduct  
26 standardbred horse race meetings. The commission shall  
27 distribute the money to these championship final races in an  
28 equal amount for each sex, age and gait for two-year-old  
29 trotters and pacers and three-year-old trotters and pacers  
30 based on conditions establishing eligibility to these final

1 events. No pari-mutuel standardbred racetrack shall be  
2 awarded more than 50% of the championship final races in any  
3 calendar year. The commission shall schedule these final  
4 events so as to evenly alternate classes at each racetrack  
5 each year. After the allocation for the championship final  
6 races has been determined, the remaining funds to be  
7 distributed to licensed racing entities that conduct  
8 standardbred horse race meetings shall be divided equally  
9 among the licensed racing entities. Each licensed racing  
10 entity shall divide the funds received equally for each of:

11 (i) four two-year-old races; one pace for colts, one  
12 pace for fillies, one trot for colts and one trot for  
13 fillies; and

14 (ii) four three-year-old races; one pace for colts,  
15 one pace for fillies, one trot for colts and one trot for  
16 fillies.

17 (c) Purse money.--Each allotment shall provide purse money  
18 for the respective races. The purse money shall be in addition  
19 to any entry fees or other funds available.

20 (d) Entry restriction.--Entry for these races shall be  
21 limited to standardbred horses which were sired by a  
22 standardbred stallion regularly standing in Pennsylvania and  
23 each race shall be designated a Pennsylvania sire stakes race.  
24 The commission shall adopt regulations as necessary to  
25 administer the entry restriction.

26 Section 228-A. Fair fund proceeds.

27 (a) Distribution.--The Department of Agriculture shall  
28 distribute money in the fair fund annually, on or before March  
29 1, for reimbursement for each county agricultural society and  
30 each independent agricultural society conducting standardbred

1 horse racing during its annual fair, other than races for two-  
2 year-old colts and fillies and three-year-old colts and fillies,  
3 an amount of money equal to that used during their annual fair  
4 as purse money for standardbred horse racing, track and stable  
5 maintenance, starting gate rental and the cost of all  
6 standardbred horse racing officials required during their annual  
7 fair. The reimbursement amount may not be more than \$13,000, a  
8 minimum of \$4,000 of which must be used for purse money and the  
9 balance of the allotment per fair, not used for purse money over  
10 the minimum \$4,000 allotment, shall be used for the specific  
11 purposes referenced above or otherwise the allotment shall be  
12 retained in the fund.

13 (b) Inspection.--The Department of Agriculture shall  
14 annually inspect each track facility at a county fair and advise  
15 each operating fair about track maintenance which is necessary  
16 to ensure adequate racing surface during the course of scheduled  
17 fairs and racing events. If it is the opinion of the Department  
18 of Agriculture that the fair society or event sponsor is not  
19 adequately financing track maintenance, the Department of  
20 Revenue shall surcharge the fair fund account of the fair  
21 society or event sponsor to effectuate the remediation.

22 Section 229-A. Hearing.

23 An applicant, licensee, permittee or other person whose  
24 application has been denied or whose license or permit has been  
25 suspended, revoked or not renewed may request a hearing before  
26 the commission. The provisions of 2 Pa.C.S. Chs. 5 Subch. A  
27 (relating to practice and procedure of Commonwealth agencies)  
28 and 7 Subch. A (relating to judicial review of Commonwealth  
29 agency action) shall apply.

30 Section 230-A. Prohibition of wagering.

1 No commission member or employee of the commission shall  
2 wager upon the outcome of any horse race conducted at or  
3 simulcast to a track at which pari-mutuel wagering is conducted  
4 by any licensed racing entity of the commission. No licensed  
5 racing entity shall permit any person who is under 18 years of  
6 age to wager at a horse race meeting conducted by the licensed  
7 racing entity. No licensed racing entity shall permit any person  
8 who is under 18 years of age to attend a horse race meeting  
9 conducted by the licensed racing entity unless the person is  
10 accompanied by a parent or guardian. This section shall not be  
11 construed to prohibit persons under 18 years of age, who are  
12 legally employed, from being upon the racetrack premises for the  
13 sole purpose of engaging in the performance of their duties as  
14 employees.

15 Section 231-A. Veterinarians and State stewards.

16 (a) General rule.--The commission shall have the authority  
17 to employ or contract with licensed veterinarians, stewards and  
18 other personnel deemed appropriate by the commission to serve at  
19 each meeting conducted by a licensed racing entity. The  
20 commission may employ or contract with other individuals as  
21 shall be necessary to carry out the responsibilities of this  
22 section.

23 (b) Costs and compensation.--The costs and compensation of  
24 the horse racing veterinarians, State stewards and other  
25 personnel shall be fixed and paid by the licensed racing entity.

26 (c) Agricultural society horse racing.--The Department of  
27 Agriculture may promulgate regulations to oversee horse racing  
28 conducted by a county agricultural society or an independent  
29 agricultural society, as provided for under section 5(1)(iii)  
30 and (iv) of the act of July 8, 1986 (P.L.437, No.92), known as

1 the Pennsylvania Agricultural Fair Act.

2 Section 232-A. Promotions and discounts.

3 The commission may approve a licensed racing entity to issue  
4 a free pass, card or badge for a special promotional program and  
5 seasonal discount ticket program.

6 Section 233-A. Monitoring of wagering on video screens.

7 A licensed racing entity conducting pari-mutuel wagering  
8 shall display on video screens the approximate odds or  
9 approximate will-pays on each horse for each race as well as a  
10 combination of races, including quinellas, exactas, perfectas  
11 and any other combination or pool of races. A display of  
12 approximate odds or approximate will-pays is not required where  
13 the wager is on horses in four or more races, such as Pick 4,  
14 Pick 5 or Pick 6. In addition to displaying the amount of money  
15 wagered, the approximate odds or approximate will-pays on each  
16 horse or combination of horses must be shown on video screens in  
17 each wagering division. For trifectas, in lieu of odds or  
18 approximate will-pays, the amount of money being wagered on each  
19 horse to win in the trifecta pool must be displayed on video  
20 screens separately from any other information. Information must  
21 be displayed from the opening of bets or wagering and be  
22 continually displayed until the wagering is closed. At least one  
23 video screen in each wagering division shall display the amount  
24 of money wagered on each horse involved in a trifecta pool.

25 Section 234-A. Simulcasting.

26 (a) General rule.--The commission shall permit intrastate  
27 simulcasting of live racing.

28 (b) Simulcast signal.--The simulcast signal shall be  
29 encoded, and the racetrack receiving the simulcast signal may  
30 not send the signal anywhere other than a public location

1 authorized under section 219-A.

2 (c) Forms of pari-mutuel wagering.--The forms of pari-mutuel  
3 wagering described in section 225-A are allowed on a race to be  
4 televised by simulcasting under this section.

5 (d) Regulations.--The commission may promulgate regulations  
6 on wagering and the operation of horse racing.

7 (e) Computation of money wagered.--The money wagered by a  
8 patron on a race must be computed in the amount of money wagered  
9 each racing day for purposes of taxation under section 224-A.

10 (f) Thoroughbred and standardbred horse racetracks.--If a  
11 simulcast is between a thoroughbred racetrack and a standardbred  
12 racetrack, the commission has jurisdiction. An approval required  
13 under this section must be received from the commission,  
14 provided that if an agreement is not reached between the  
15 organization representing the horsemen, the licensed racing  
16 entity may petition a court of common pleas in the county in  
17 which the licensed racing entity's racetrack is located. A court  
18 of common pleas may direct the organization representing the  
19 horsemen to approve the simulcast agreement upon good cause  
20 shown by the licensed racing entity that failure to consent  
21 would be detrimental to the racing industry in this  
22 Commonwealth. The commission may authorize the simulcasting if  
23 the simulcasting will have a significant value to the racing  
24 industry in this Commonwealth.

25 (g) Definition.--As used in this section, the term "racing  
26 day" consists of a minimum of eight live races, except at  
27 thoroughbred tracks on Breeders' Cup Event Day.

28 Section 235-A. Commingling.

29 (a) Applicability.--This section is applicable only to  
30 licensed racing entities that conduct thoroughbred racing.

1     (b) Race secretary.--The race secretary shall receive  
2 entries and declarations as an agent for the licensed racing  
3 entity for which the race secretary acts. The race secretary or  
4 an individual designated by the licensed racing entity may  
5 receive stakes, forfeits, entrance money, jockey fees and other  
6 fees, purchase money in claiming races and other money that can  
7 properly come into the race secretary's possession as an agent  
8 for the licensed racing entity for which the race secretary or  
9 designee is acting.

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

27         (1) thirty days prior to the expiration of the letter of  
28         credit, the financial institution can elect not to renew the  
29         letter of credit;

30         (2) upon an election under paragraph (1), the financial

1 institution must notify the designee of the organization that  
2 represents a majority of the owners and trainers racing with  
3 the licensed racing entity, by registered mail, return  
4 receipt requested, of the election not to renew; and

5 (3) the financial institution will honor the letter of  
6 credit for six months after expiration.

7 Purse money earned by owners shall be deposited by the licensed  
8 racing entity in the Horsemen's Account within 48 hours after  
9 the result of the race in which the money was earned has been  
10 declared official and the purse has been released by the  
11 commission.

12 (d) Accounting.--A licensed racing entity shall designate  
13 individuals authorized to receive and disburse funds from the  
14 Horsemen's Account. Individuals designated under this subsection  
15 shall be bonded to provide indemnity for malfeasance,  
16 nonfeasance and misfeasance. A certified copy of the bond shall  
17 be filed with the commission.

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

30 (f) Auditing and monthly statements.--The Horsemen's Account

1 shall be audited annually and at any other time determined by  
2 the commission. Monthly statements shall be provided to the  
3 designee of the organization which represents a majority of the  
4 owners and trainers racing with the licensed racing entity and  
5 the commission.

6 (g) Interest.--Fifty percent of the money earned as interest  
7 on funds in the Horsemen's Account shall be paid to the  
8 organization that represents a majority of the owners and  
9 trainers racing with the licensed racing entity on a weekly  
10 basis. The amount is for the benefit of the horsemen as  
11 determined by the organization that represents the majority of  
12 the owners and trainers racing with the licensed racing entity.  
13 The remaining 50% of the interest earned is for the benefit of  
14 the licensed racing entity that has the responsibility to fund  
15 the costs associated with the administration of the fund.  
16 Interest each month must be earned in an amount equal to the  
17 Federal Reserve Discount Rate on the first day of the month.  
18 Section 236-A. Standardbred horse racing purse money.

19 A licensed racing entity that conducts standardbred racing  
20 must place on deposit with the commission by March 1 of each  
21 year an irrevocable letter of credit equivalent to its average  
22 weekly purse total from the immediate prior year. The commission  
23 shall hold the letter of credit in trust for the standardbred  
24 horsemen racing at that licensed racing entity's horse race  
25 meeting if the purse checks are not issued or insufficient funds  
26 are available to cover the purse checks.

## 27 CHAPTER 2-B

### 28 ADVANCE DEPOSIT ACCOUNT WAGERING

#### 29 Section 201-B. Definitions.

30 The following words and phrases when used in this chapter

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

3 "Account." An account for advance deposit account wagering  
4 with a specific identifiable record of deposits, wagers and  
5 withdrawals established by an account holder and managed by the  
6 licensed advance deposit account wagering entity.

7 "Account holder." An individual who successfully completed  
8 an application and for whom the licensed advance deposit account  
9 wagering entity has opened an account.

10 "Applicant." A person that has submitted an application for  
11 a license under this act.

12 "Confidential information." Shall include all of the  
13 following:

14 (1) The amount of money credited to, debited from,  
15 withdrawn from or present in any particular account holder's  
16 account.

17 (2) The amount of money wagered by a particular account  
18 holder on any race or series of races.

19 (3) The account number and secure personal  
20 identification code of a particular account holder.

21 (4) The identities of particular licensed racing entity  
22 on which the account holder is wagering or has wagered.

23 (5) Unless otherwise authorized by the account holder,  
24 the name, address and other information in the possession of  
25 the licensed advance deposit account wagering entity that  
26 would identify the account holder to anyone other than the  
27 commission or the licensed advance deposit account wagering  
28 entity.

29 "Nominal change in ownership." The sale, pledge,  
30 encumbrance, execution of an option agreement or other transfer

1 of less than 5% of the equity securities or other ownership  
2 interest of a partnership, association, corporation or entity  
3 holding a license.

4 "Principal." All of the following individuals associated  
5 with a partnership, trust association, limited liability company  
6 or corporation:

7 (1) The chairman and all members of the board of  
8 directors of a corporation.

9 (2) All partners of a partnership and all participating  
10 members of a limited liability company.

11 (3) All trustees and trust beneficiaries of an  
12 association.

13 (4) The president or chief executive officer and all  
14 other officers, managers and employees who have policy-making  
15 or fiduciary responsibility within the organization.

16 (5) All stockholders or other individuals who own, hold  
17 or control, either directly or indirectly, 5% or more of  
18 stock or financial interest in the collective organization.

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

23 "Substantial change in ownership." The sale, pledge,  
24 encumbrance, execution of an option agreement or another  
25 transfer of 5% or more of the equity securities or other  
26 ownership interest of a partnership, association, corporation or  
27 entity holding a license.

28 "Telephone account wagering." A form of pari-mutuel wagering  
29 where an individual may deposit money in an account at a track  
30 and may place a wager by direct telephone call or by

1 communication through other electronic media owned by the holder  
2 of the account to the track.

3 Section 202-B. License required to conduct advance deposit  
4 account wagering.

5 (a) New applications.--A person, other than a licensed  
6 racing entity engaged in telephone account wagering that offers  
7 advance deposit account wagering to individuals within this  
8 Commonwealth shall apply to the commission for a license under  
9 this chapter. Deadlines for new license applications shall be as  
10 follows:

11 (1) A person that offered advanced deposit account  
12 wagering to residents of this Commonwealth prior to the  
13 effective date of this chapter, shall apply to the commission  
14 for a license by submitting a completed Initial/Renewal  
15 License Application to Conduct Advance Deposit Account  
16 Wagering form on or before 60 days after the effective date  
17 of this chapter. Between the time that the license  
18 application is submitted and the commission renders a  
19 decision, the person may continue to operate. The commission  
20 shall render a decision within 90 days of receipt of a  
21 completed license application. The license shall be effective  
22 upon approval of the commission.

23 (2) Any other person shall apply to the commission for a  
24 license by submitting a completed Initial/Renewal License  
25 Application to Conduct Advance Deposit Account Wagering form.  
26 The license shall be effective, and the licensed advance  
27 deposit account wagering entity may begin operations, upon  
28 approval of the commission.

29 (b) Renewal applications.--A license to conduct advance  
30 deposit account wagering shall be renewed every three years in

1 accordance with this chapter. A renewal application shall be  
2 submitted on the Initial/Renewal License Application to Conduct  
3 Advance Deposit Account Wagering form on or before September 1  
4 of the preceding year. The commission shall render a decision on  
5 the application on or before December 15 of the preceding year.  
6 If approved, a renewal license shall be effective January 1.

7 (c) Information required.--If an applicant is unable to  
8 provide the information required, the applicant shall fully  
9 explain and document to the satisfaction of the commission, the  
10 circumstances and shall provide the information promptly upon  
11 being able to do so.

12 Section 203-B. Licensing costs and fees.--Costs and fees are as  
13 follows:

14 (1) The applicant shall pay all costs incurred by the  
15 commission in reviewing an application for an initial  
16 license, including legal and investigative costs and the cost  
17 of other necessary outside professionals and consultants in  
18 accordance with the following:

19 (i) As an initial payment for these costs, the  
20 applicant shall submit, along with a license application,  
21 a cashier's check or certified check payable to the  
22 commission in the amount of \$50,000.

23 (ii) Any portion of the payment not required to  
24 complete the investigation shall be refunded to the  
25 applicant within 20 days of the granting, withdrawal or  
26 rejection of the initial license application.

27 (iii) To the extent additional costs will be  
28 necessary, the applicant shall submit a cashier's check  
29 or certified check payable to the commission in an amount  
30 reasonably requested by the commission within 10 days of

1 receipt of the request. Failure to submit an additional  
2 requested payment shall result in suspension of the  
3 processing of the license application and may result in  
4 denial of the license.

5 (2) An applicant for a renewal license shall pay all  
6 reasonable costs incurred by the commission in reviewing a  
7 renewal license, including legal and investigative costs and  
8 the cost of other necessary outside professionals and  
9 consultants in accordance with the following:

10 (i) The applicant shall submit a cashier's check or  
11 certified check payable to the commission in an amount  
12 reasonably requested by the commission within 10 days of  
13 receipt of request.

14 (ii) Failure to submit the payment shall result in  
15 suspension of the processing of renewing the license and  
16 may result in denial of the license.

17 (3) The commission may waive the costs contained in  
18 paragraphs (1) and (2), in whole or part if the applicant has  
19 undergone a certification process or other investigative  
20 review by a commission-approved industry or regulatory body.

21 (4) A license fee of \$500,000 shall be payable to the  
22 commission upon issuance of the initial license. An annual  
23 renewal license fee of \$500,000 shall be payable to the  
24 commission. A license shall not be issued until receipt of  
25 the license fee each year. The license fee shall be deposited  
26 in the State Racing Fund.

27 (5) The commission shall track the additional costs  
28 required to implement and enforce this chapter.

29 Section 204-B. License application procedures.

30 (a) Application for license.--An application for an initial

1 or renewal license shall be in the form and manner prescribed by  
2 the commission in accordance with this chapter. The commission  
3 may deny a license to an applicant that provides false or  
4 misleading information on or omits material information from the  
5 application. The application shall include all of the following:

6 (1) The applicant's legal name.

7 (2) The location of the applicant's principal office.

8 (3) The name, address and date of birth of each  
9 principal with a five percent or greater share of ownership  
10 or beneficial interest in the applicant.

11 (4) Audited financial statements for the last three  
12 years or, if the applicant does not have audited financial  
13 statements, financial and other pertinent information as  
14 required by the commission to determine that the applicant is  
15 financially capable of operating as a going concern and  
16 protecting accounts.

17 (5) A detailed plan of how the advance deposit account  
18 wagering system will operate. The commission may require  
19 changes in the proposed plan of operations as a condition of  
20 granting a license. There shall not be subsequent material  
21 changes in the plan of operations unless ordered by the  
22 commission or until approved by the commission after  
23 receiving a written request.

24 (6) A list of all personnel processing wagers on races  
25 made by residents of this Commonwealth. This list shall be  
26 kept current and be provided to the commission upon request.

27 (7) Copies of all documents required under this  
28 subsection by the commission.

29 (b) Review.--In reviewing an application, the commission may  
30 consider any information, data, report, finding or other factor

1 available that it considers important or relevant to the  
2 determination of whether the applicant is qualified to hold a  
3 license, including all of the following:

4 (1) The integrity of the applicant and its principals,  
5 including:

6 (i) Whether the applicant or its principals are  
7 unsuitable.

8 (ii) Whether the applicant or its principals have  
9 been a party to litigation over business practices,  
10 disciplinary actions over a business license or refusal  
11 to renew a license.

12 (iii) Whether the applicant or its principals have  
13 been a party to proceedings in which unfair labor  
14 practices, discrimination or violation of government  
15 regulations pertaining to racing or gaming laws was an  
16 issue or bankruptcy proceedings.

17 (iv) Whether the applicant or its principals have  
18 failed to satisfy judgments, orders or decrees.

19 (v) Whether the applicant or its principals have  
20 been delinquent in filing tax reports or remitting taxes.

21 (2) The quality of physical facilities and equipment.

22 (3) The financial ability of the applicant to conduct  
23 advance deposit account wagering.

24 (4) The protections provided to safeguard accounts,  
25 including a certification from the licensee's chief financial  
26 officer that account funds will not be commingled with other  
27 funds as required under this chapter.

28 (5) The management ability of the applicant and its  
29 principals.

30 (6) Compliance of the applicant with applicable

1 statutes, charters, ordinances and administrative  
2 regulations.

3 (7) The efforts of the applicant to promote, develop and  
4 improve the horse racing industry in this Commonwealth.

5 (8) The efforts of the applicant to safeguard and  
6 promote the integrity of pari-mutuel wagering in this  
7 Commonwealth.

8 (9) The economic impact of the applicant upon the  
9 Commonwealth.

10 Section 205-B. Oral presentation by applicant.

11 (a) Application.--The application presentation shall be in  
12 accordance with all of the following:

13 (1) The commission may require an applicant to make an  
14 oral presentation prior to the ruling in order to clarify or  
15 otherwise respond to questions concerning the application as  
16 a condition to the issuance or renewal of a license.

17 (2) The presentation shall be limited to the information  
18 contained in the applicant's application and any supplemental  
19 information relevant to the commission's determination of the  
20 applicant's suitability.

21 (3) The admission as evidence of the supplemental  
22 information shall be subject to the discretion of the  
23 commission.

24 (b) Incomplete application.--If the commission deems an  
25 applicant's application incomplete and does not accept it for  
26 filing, the applicant shall not be entitled to make an oral  
27 presentation.

28 Section 206-B. Additional information.

29 The commission may request additional information from an  
30 applicant if the additional information would assist the

1 commission in deciding whether to issue or renew a license,  
2 including all of the following:

3 (1) Copies of any documents used by the applicant in  
4 preparing the application.

5 (2) A list of each contract between the applicant and a  
6 third party related to operations. The commission may review  
7 the contracts at any time upon request.

8 Section 207-B. Operations.

9 (a) Prior operations.--Before doing business in this  
10 Commonwealth all of the following are required of a licensee:

11 (1) Be qualified to do business in this Commonwealth.

12 (2) Submit a copy of each document required to be filed  
13 with the Department of Revenue and each document related to  
14 an audit or investigation by any Federal, State or local  
15 regulatory agency to the commission.

16 (3) Remit to the commission a copy of each document  
17 required to be filed with any Federal, State or local  
18 regulatory agency.

19 (b) Requirements.--

20 (1) A licensee shall submit quarterly reports to the  
21 commission providing amounts wagered by residents in this  
22 Commonwealth and amounts wagered on races in this  
23 Commonwealth.

24 (2) A licensee shall enter into an agreement with each  
25 licensed racing entity in this Commonwealth on whose races  
26 the licensee offers advance deposit account wagering  
27 regarding payment of host fees and any other applicable fees,  
28 costs or payments of any kind to be paid to the licensed  
29 racing entity. The licensed racing entity and the applicable  
30 horseman's organization shall negotiate a separate agreement

1 for contributions to the purse account generated by advanced  
2 deposit account wagering.

3 (3) A licensee shall not commingle account funds with  
4 other funds.

5 (4) A licensee shall provide quarterly financial  
6 statements to the commission for the first calendar year of  
7 operation if the licensed racing entity does not have audited  
8 financial statements for the last three years as referenced  
9 in section 204-B(a)(4).

10 (5) A licensee shall use and communicate pari-mutuel  
11 wagers to a totalisator licensed by the commission.

12 (6) A licensee shall operate and communicate with the  
13 totalisator in such a way as not to provide or facilitate a  
14 wagering advantage based on access to information and  
15 processing of wagers by account holders relative to  
16 individuals who wager at licensed racing entities or  
17 simulcast facilities.

18 (7) All personnel processing wagers made by residents of  
19 this Commonwealth shall be licensed in the jurisdiction where  
20 they are located. If an individual is located in a  
21 jurisdiction that is not a racing jurisdiction or that does  
22 not require a license, that individual shall be licensed in  
23 this Commonwealth.

24 (8) Accounts shall only be accepted in the name of an  
25 individual and shall not be transferable. Only individuals  
26 who have established accounts with a licensee may wager  
27 through a licensee.

28 (9) Each account holder shall provide personal  
29 information as the licensee and the commission require,  
30 including all of the following:

1           (i) Name.

2           (ii) Principal residence address.

3           (iii) Telephone number.

4           (iv) Social Security number.

5           (v) Date of birth.

6           (vi) Other information necessary for account  
7           administration.

8           (10) The information supplied by the account holder  
9           shall be verified by the licensee using means acceptable to  
10           the commission.

11           (11) The licensee shall provide each account holder a  
12           secure personal identification code and password to be used  
13           by the account holder to confirm the validity of every  
14           account transaction.

15           (12) An employee or agent of the licensee shall not  
16           disclose any confidential information except the following:

17           (i) To the commission.

18           (ii) To the account holder as required by this  
19           chapter.

20           (iii) To the licensee and its affiliates.

21           (iv) To the licensed racing entity as required by  
22           the agreement between the licensee and the licensed  
23           racing entity.

24           (v) As otherwise required by law.

25           (13) The licensee shall provide each account holder a  
26           copy of account holder rules and the terms of agreement and  
27           other information and materials that are pertinent to the  
28           operation of the account.

29           (14) The licensee may refuse to establish an account if  
30           it is found that any of the information supplied is false or

1 incomplete or for any other reason the licensee deems  
2 sufficient.

3 (15) Each account shall be administered in accordance  
4 with the account holder rules and the terms of agreement  
5 provided to account holders, including:

6 (i) Placing of wagers.

7 (ii) Deposits to accounts.

8 (iii) Credits to accounts.

9 (iv) Debits to accounts.

10 (v) Refunds to accounts.

11 (vi) Withdrawals from accounts.

12 (vii) Minimum deposit requirements.

13 (viii) Fees per wager.

14 (ix) Rebates.

15 (16) Each licensee shall have protocols in place and  
16 shall publicize to its account holders when the wagers are  
17 excluded from a host racetrack's wagering pool. These  
18 protocols shall include an immediate electronic mail message  
19 to affected account holders and immediate posting on the  
20 licensee's publicly accessible Internet website.

21 (17) A licensee shall maintain complete records of the  
22 application and the opening of an account for the life of the  
23 account plus two additional years. A licensee shall also  
24 maintain complete records of the closing of an account for  
25 two years after closing. These records shall be provided to  
26 the commission upon request.

27 (18) A licensee shall maintain complete records of all  
28 transactions, including deposits, credits, debits, refunds,  
29 withdrawals, fees, wagers, rebates and earnings for two  
30 years. These records shall be provided to the commission upon

1 request.

2 (19) All wagering conversations, transactions or other  
3 wagering communications, verbal or electronic, shall be  
4 recorded by means of the appropriate electronic media and the  
5 tapes or other records of the communications shall be kept by  
6 the licensee for a period of two years. These tapes and other  
7 records shall be made available to the commission upon  
8 request.

9 (20) The recording of the confirmation of the  
10 transaction, as reflected in the voice or other data  
11 recording, shall be deemed to be the actual wager regardless  
12 of what was recorded by the totalisator.

13 (21) A licensee shall not accept wagers if its recording  
14 system is not operable.

15 (22) The commission may monitor the equipment and staff  
16 and review the records of a licensee and any of the  
17 transactions conducted by the licensee with regards to wagers  
18 made by residents of this Commonwealth.

19 (23) A licensee may suspend or close any account for  
20 violation of the account holder rules and the terms of  
21 agreement or any other reason it deems sufficient, if the  
22 licensee returns to the account holder all money then on  
23 deposit within seven calendar days.

24 Section 208-B. Transfers of licenses.

25 A transfer of licenses shall be done in accordance with the  
26 following:

27 (1) A license issued under this chapter shall not be  
28 transferable or assignable.

29 (2) A substantial change in ownership in a licensee  
30 shall result in termination of the license unless prior

1 written approval has been obtained from the commission. A  
2 request for approval of a substantial change in ownership  
3 shall be made on a form designated by the commission. Upon  
4 receipt of all required information, the commission shall, as  
5 soon as practicable, make a determination whether to  
6 authorize and approve the substantial change in ownership.

7 (3) Notice of a nominal change in ownership shall be  
8 filed with the commission within 15 days of the execution of  
9 the documents upon which the proposed nominal change in  
10 ownership will be based.

11 (4) For purposes of paragraph (3), notice is not  
12 required for any of the following:

13 (i) A nominal change in ownership if the licensee is  
14 a publicly traded corporation.

15 (ii) The transfer of an ownership interest in a  
16 licensed racing entity, whether substantial or nominal,  
17 direct or indirect, if by a publicly traded corporation,  
18 and if the beneficial ownership transferred is acquired  
19 by an individual who holds the voting securities of the  
20 publicly traded corporation for investment purposes only.

21 (iii) A debt transaction of a publicly traded  
22 corporation, unless the transaction results in the pledge  
23 or encumbrance of the assets or any portion of the assets  
24 of the licensed racing entity.

25 (5) Any attempt to effect a substantial change in  
26 ownership under this section if not done so in writing shall  
27 be considered void by the commission.

28 Section 209-B. Duration of license.

29 A license issued under this chapter shall be valid for the  
30 three calendar years for which the license is issued.

1 Section 210-B. Penalties and enforcement.

2 All of the following apply:

3 (1) The commission shall have all of the rights, powers  
4 and remedies necessary to carryout this chapter and to ensure  
5 compliance with this chapter, including revocation,  
6 suspension or modification of a license and the imposition of  
7 fin.

8 (2) With respect to an individual or entity that offers  
9 advanced deposit account wagering to residents of this  
10 Commonwealth without a license issued by the commission, the  
11 commission may take the measures deemed necessary, including  
12 referral to the appropriate regulatory and law enforcement  
13 authorities for civil action or criminal penalties.

14 Section 4. Section 301 of the act is amended to read:

15 Section 301. Mandatory requirements for medication rules.

16 (a) [The commissions shall have in effect at all times when]  
17 When a licensed [corporation] racing entity conducts a horse  
18 [racing] race meeting with pari-mutuel wagering the commission  
19 shall have in effect rules or regulations to control the use and  
20 administration of any medication and the use and administration  
21 of any device that affects the performance of a race horse. The  
22 [commissions may establish permitted tolerance levels and  
23 therapeutic dose allowances for all medication to be used or  
24 administered to a race horse.] commission shall adopt a  
25 comprehensive schedule of equine drugs, medications, therapeutic  
26 substances or metabolic derivatives which are authorized to be  
27 administered to race horses, including tolerance levels and  
28 therapeutic dose allowances. The commission shall consult with  
29 the Pennsylvania Board of Veterinary Medicine, academic  
30 institutes, associations representing the majority of the horse

1 owners and experts as necessary to develop the approved  
2 schedule.

3 (b) The [commissions] commission shall establish in their  
4 rules or regulations penalty provisions for the violation of  
5 these rules or regulations.

6 Section 5. Section 302(a) and (c) of the act, amended May  
7 16, 1986 (P.L.205, No.63), are amended to read:

8 Section 302. Establishment of the Pennsylvania Race Horse  
9 Testing Program.

10 (a) There is hereby established the Pennsylvania Race Horse  
11 Testing Program. The program shall be administered by [a  
12 management committee composed of the two chairpersons of the  
13 commissions, the Secretary of Agriculture and two persons  
14 appointed by the Governor. One person appointed by the Governor  
15 must be a doctor of veterinary medicine or a veterinary medical  
16 doctor and a member of the faculty of a school of veterinary  
17 medicine located within this Commonwealth and the other person  
18 must be employed within the private sector and have a background  
19 in biological and/or chemical laboratory management. The program  
20 is placed in and made a part of the Department of Agriculture]  
21 the commission in consultation with the associations  
22 representing the majority of the horse owners. All costs of the  
23 program shall be paid by the [commissions] appropriations  
24 allocated under section 304. [Subject to all provisions of the  
25 act of April 9, 1929 (P.L.177, No.175), known as "The  
26 Administrative Code of 1929," that apply to the department, the  
27 management committee shall appoint and direct all personnel as  
28 necessary, establish a facility or contract for the provision of  
29 testing services, acquire all necessary equipment and supplies  
30 and adopt all necessary procedures.]

1 \* \* \*

2 [(c) In order to evaluate the effectiveness of testing  
3 services performed by personnel of the Department of Agriculture  
4 and determine whether the manner in which these services are  
5 provided, the tests utilized and tolerance levels permitted  
6 should be modified, the commissions shall equally fund a  
7 contracted evaluation of existing laboratory services to be  
8 conducted by a nongovernmental entity with documented expertise  
9 to accurately evaluate existing laboratory services and  
10 formulate recommendations for improvement of the testing  
11 program. Upon review of the evaluation results, the department  
12 may implement in consultation with the management committee a  
13 program to improve laboratory services, including, if necessary  
14 and appropriate, the selection of a contractor or contractors to  
15 provide testing services. This study shall be completed on or  
16 before January 1, 1987, and copies provided to the Governor, the  
17 President pro tempore of the Senate, the Speaker of the House of  
18 Representatives and the members of the State Government  
19 Committees of the Senate and the House of Representatives within  
20 15 working days.]

21 Section 6. Section 304 of the act is amended to read:  
22 Section 304. Costs of the enforcement of the medication rules  
23 or regulations.

24 [All costs for the collection and testing samples for any  
25 manner of medication shall be paid by the commissions.]

26 Annually, the commission shall issue a cost statement for the  
27 actual cost of the collection and testing for medication. The  
28 cost statement shall include the cost of equipment, supplies and  
29 facilities, except holding barns or stables, to be located at  
30 horse race meeting facilities, grounds or enclosures or at other

1 locations designated by the commission. The cost statement shall  
2 be published in the Pennsylvania Bulletin. Notwithstanding any  
3 other provisions of law to the contrary, the Department of  
4 Revenue shall transfer to the commission from the Pennsylvania  
5 Race Horse Development Fund on a weekly basis an amount equal to  
6 the costs associated with testing under this section for the  
7 prior week. Transfers made by the Department of Revenue pursuant  
8 to this section shall be made prior to any distribution from the  
9 Pennsylvania Race Horse Development Fund pursuant to section  
10 1723-A.1 of the act of April 9, 1929 (P.L.343, No.176), known  
11 as the Fiscal Code. 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 8. This act shall take effect as follows:

17 (1) The following provisions shall take effect  
18 immediately:

19 (i) Section 201-A of the act.

20 (ii) This section.

21 (2) The remainder of this act shall take effect in 180  
22 days.