

SUMMARY OF AMENDMENT TO GAMING BILL (HB 271)

• **Category 4 Licenses (Ancillaries)**

- Up to 10 locations authorized. Licenses awarded via sealed bid auctions open to Category 1 and 2 licensees. Each licensee may only win the rights to one Category 4 in the initial round of auctions.
- Municipalities have until December 31, 2017 to exercise option to prohibit location of a Category 4 facility in the municipality.
- Category 4 may not be located in a county which hosts a Category 3 facility, or in a sixth class county contiguous to a county which hosts a Category 2 facility.
- Minimum Bid: \$7.5 million.
- Table games certificate: \$2.5 million
- Initial auctions held between January 15 and July 31, 2018. Subsequent auctions (if any) to be completed by August 31, 2018.
- Highest bidder in auction receives exclusive right to select a location with a 15-mile radius, marking the area in which the facility will be located.
- A second auction is then held for the next location. Auctions continue until all ten licenses are awarded, or no bids are placed in an auction.
- If any licenses remain after the initial round of auctions, subsequent auctions will be held in which all Category 1, 2 and 3 licensees may bid, including licensees who won an earlier auction.
- If any licenses remain after the second round of auctions, the board may, in its discretion, hold additional auctions at which other qualified entities which meet the licensure requirements and criteria established by the board may bid.
- A Category 4 facility may not be located within 25 miles of another casino, but may be within 25 miles of the winning bidder's licensed facility.
- Each location may operate between 300 and 750 slot machines (from their existing complement), and 30 table games, with the ability after 1 year to petition to add 10 more table games. A Category 3 casino that wishes to operate more slots than their existing complement may petition the board and pay \$10,000 per additional machine.
- If a qualified entity, which does not have an existing slot machine complement, wins an auction it would have to pay \$10,000 per authorized slot machine.
- Tax rate:
 - 14% (12% plus 2% in Tax Code) on table games deposited into the General Fund
 - 50% on slots deposited as follows:
 - 34% into the Property Tax Relief Fund
 - 5% to CFA for grants in any county
 - 5% to be distributed to counties which suffered a decrease in local share assessment funds from slots compared to FY2017-2018.
 - 6% to GEDTF
- Local share:
 - Table games: 1% for grants through the CFA to the host county and 1% to the host municipality

- Slots: 2% for grants through the CFA to the host county and 2% to the host municipality
- **Video Gaming Terminals (VGTs)**
 - May be operated only at truck stops. Truck stops must:
 - Be equipped with diesel islands for fueling commercial vehicles.
 - Have sold 50,000 gallons of diesel in prior year (or are projected to sell that amount).
 - Have at least 20 parking spaces dedicated for commercial vehicles.
 - Have a convenience store.
 - Be on a parcel of land of at least 3 acres.
 - May not be located on property owned by the Pennsylvania Turnpike
 - Limit of 5 VGTs per truck stop.
 - Counties hosting a Category 1, 2, or 3 facility have 60 days to opt out and no VGTs may be placed in that county.
 - Tax rate: 42% to the Video Gaming Fund, which rolls to the General Fund.
 - Local share: 10% to the CFA for grants in any county.
 - Establishment revenue share: 15%
 - Regulatory assessments to cover cost of regulation.
 - Percentage revenue amount remaining for terminal operator: 31%
 - Video Gaming Fund Annual Disbursements:
 - 0.2% of total VGT revenue to compulsive and problem gambling fund
 - Remaining balance is transferred to the General Fund
 - Application fees:
 - Manufacturer/Supplier: \$50,000
 - Terminal operator: \$25,000
 - Establishment: \$1,000
 - Key employee or principal: \$500
 - Any other permit: up to \$100
 - Initial license and license renewal fees:
 - Manufacturer/Supplier: \$10,000
 - Terminal operator: \$5,000
 - Establishment: \$250 per VGT
 - Key employee, procurement agent or principal: \$500
 - Any other permit: up to \$100
 - Minimum age: 21
- **iGaming**
 - Authorizes casinos to offer interactive gaming, and games are broken into three categories:
 - peer-to-peer interactive games (poker)
 - nonpeer-to-peer interactive games which simulate table games
 - nonpeer-to-peer interactive games which simulate slots
 - First 90 days: Existing casinos may petition to offer all three categories
 - Days 91-120: Existing casinos may petition to offer one or more categories

- After 120 days: Qualified gaming entities licensed in any jurisdiction may petition to offer one or more categories (must satisfy requirements of the chapter and criteria established by the board).
 - Tax rate:
 - 14% on peer-to-peer games and non-peer-to-peer table games to the General Fund.
 - 52% on non-peer-to-peer slots games distributed as follows:
 - 34% to the Property Tax Relief Fund
 - 13% to CFA for any county
 - 5% to be distributed to counties which suffered a decrease in local share assessment funds from slots compared to FY2017-2018.
 - Local share:
 - 1% to the host county (through slots distribution). Philadelphia host county share goes to the school district. Delaware County LSA would go through a newly created authority.
 - 1% to the CFA for grants in any county
 - License fee:
 - \$10 million for casino if within 90 days
 - \$4 million per category of game for casino 91 to 120 days
 - \$4 million per category of game for qualified gaming entities after 120 days
 - \$1 million for iGaming operator
 - Renewal fee:
 - \$250,000 for interactive gaming certificate holder
 - \$100,000 for interactive gaming operator
 - Provides for regulatory assessments to cover the cost of regulation.
 - Sets the minimum age to play interactive games at 21.
 - Requires blocking of iGaming within licensed facilities.
- **Airport Gaming Tablets**
 - Authorizes interactive gaming by eligible passengers at publicly-owned commercial airports.
 - Tax rate: Same as iGaming with a credit applied for federal aviation fees
 - Local Share: 1% to CFA for grants in county in which airport is located and 1% added to iGaming CFA account for grants in any county. For Philadelphia airport, host share is split between the Philadelphia School District and CFA for Delaware County.
 - License fee:
 - \$2.5 million for Philadelphia
 - \$1.25 million for Pittsburgh
 - \$500,000 for all other international airports
 - \$125,000 for all other airports
 - Sets the minimum age to play interactive games on airport tablets at 21.

- **Slot Machine License Operation Fee**
 - All Category 1 and 2 casinos, including those in Philadelphia, pay an annual slot machine operations fee of \$10 million which is distributed to the host municipality through the municipal LSA formula.
 - The fee is retroactive to January 1, 2017. The board shall determine the schedule of payment.
 - Casinos are credited for previous amounts paid from January 1 – May 27, and payments under an agreement with a municipality.

- **Fantasy Contests**
 - Requires a license to be obtained before offering fantasy contests.
 - Tax rate: 15% to the General Fund
 - License fee: \$50,000
 - Renewal fee: \$10,000
 - Provides for regulatory assessments to cover the cost of regulation.
 - Sets the minimum age to participate in fantasy contests at 18.
 - Provides that casinos may operate fantasy contest terminals. Participants must be 21.
 - Includes requirements that licensees offer contests which are open only to beginners.

- **Lottery**
 - Establishes a voluntary retailer incentive program in which 0.5% of retail sales shall be used to reward retailers who engage in department-recommended best practices and meet specified incentives through increased sales.
 - Establishes a Lottery Sales Advisory Council to further the partnership between the lottery and its sales agents and to develop policy recommendations for increased lottery sales.
 - Repeals the prohibition on Lottery offering keno.
 - iLottery
 - Authorizes online sales of existing products as well as Internet instant games.
 - Excludes games resembling casino-style games.
 - Allows sales agents to earn a commission on sale of iLottery game cards. Prepaid cards are not required in order to play iLottery.
 - Sets the minimum age to play iLottery at 18.

- **Category 3 Casino Changes**
 - Authorizes a waiver of the amenities requirement for a \$1 million fee.
 - Permits casinos to add 250 additional slot machines for a \$2.5 million fee.
 - Permits casinos to add 15 additional nonbanking (poker) tables for a \$1 million fee and the ability to hold table game tournaments.
 - Eliminates the remaining Category 3 license.

- **Casino Ownership Restriction**
 - The one and one-third casino ownership restriction is eliminated.

- **Sports Wagering**
 - Authorizes the board to issue certificates to allow casinos to offer sports betting only after there is a change in federal law or a federal court ruling.
 - Sports wagering may occur within a casino, at a non-primary location or online.
 - Tax rate: 34%
 - Local share: 2% to CFA for any county
 - Certificate fee: \$10 million (\$250,000 renewal fee)
 - Minimum age: 21

- **Casino Simulcasting**
 - Authorizes Category 2, 3 and 4 casinos to contract with Category 1 casinos to simulcast horseracing.
 - No authorization fee is required.
 - The tax rate under 3 Pa.C.S. § 9334 applies to amounts wagered via simulcasting. (1.5% of amount wagered on win/place/show, and 2.5% on exotic wagers).

- **Table Games County LSA Distribution Changes**
 - SugarHouse (Philadelphia) – Directs the LSA to the City.
 - Sands Bethlehem (Northampton and Lehigh Counties)
 - Lehigh County LSA shall be allocated as grants through the CFA with priority given to municipalities contiguous to the host city
 - Valley Forge (Montgomery County)
 - 75% for maintenance and refurbishment of parks and heritage sites
 - 12.5% for a child advocacy center
 - 12.5% for domestic violence support services

- **Slots County LSA Distribution Changes**
 - Every Category 1 and 2 casino, except a casino in Philadelphia, pays 2% to the host county. Slot operation fee goes through municipal LSA.
 - Category 3 casinos stay at 2% to the host county and 2% to the host municipality.
 - Casinos are credited for payments paid from May 27, 2017 through the effective date under an agreement with a county.
 - Mohegan Sun (Luzerne County)
 - LSA language is updated to reflect current language in the Fiscal Code
 - The county redevelopment authority may receive 10% of LSA funds.
 - LSA may be used as matching funds for other state grants and loans.
 - Meadows (Washington County)
 - LSA to municipalities in the county may not exceed 50% of their 2009 or 2013 budget, whichever is higher.
 - Parx (Bucks County)
 - Specifies that 1% of GTR to the host county is to be used for funding nonprofit entities fulfilling a human service, victim assistance, or drug and alcohol prevention and treatment within the county.

- Specifies that 1% of GTR to a redevelopment authority in the host county. The redevelopment authority shall retain 5% of the funds administered to cover the costs and expenses of administering the grants. Specifies that a municipality wholly within the boundaries of a contiguous municipality shall be considered a contiguous municipality eligible to receive grants.
- Presque Isle (Erie County)
 - \$1,000,000 is annually transferred to a land bank jurisdiction established by the county. Until established, \$1,000,000 shall go to the county redevelopment authority.
- Hollywood (Dauphin County)
 - LSA may be used as matching funds for other state grants and loans.
 - \$220,000 is annually transferred to CFA to be used for grants in Lebanon County.
 - \$50,000 is annually transferred to Schuylkill County to be used for fire and EMS services and economic development.
 - \$30,000 is annually transferred to North Annville Township in Lebanon County.
 - \$30,000 is annually transferred to North Londonderry Township in Lebanon County, with priority given to fire and EMS services.
- Sands Bethlehem (Northampton and Lehigh Counties)
 - The current portions of LSA allocated to Northampton and Lehigh Counties for municipal grants are transferred to the CFA.
 - The CFA will allocate the LSA grants with priority given to municipalities contiguous to the host city.
 - \$250,000 a year for 20 years is allocated for the redevelopment of an arts and education center in Northampton County.
- Mt. Airy (Contiguous County Portion)
 - \$250,000 a year for 20 years is allocated for the construction of a pool and indoor recreation facility at a non-profit recreation center in Northampton County.
- Valley Forge (Montgomery County)
 - 75% for maintenance and refurbishment of parks and heritage sites
 - 12.5% for a child advocacy center
 - 12.5% for domestic violence support services
- Philadelphia (moved from county LSA to municipal LSA)
 - Existing casino: \$5M to school district, \$3M to City, \$2M to DCED for grants
 - Future casino: \$7M to the City, \$3M to DCED for grants
- **Title 3 (Agriculture) Changes (Horseracing)**
 - Allows licensed racing entities and secondary pari-mutuel organizations to accept wagers from persons located within a licensed racing entity's primary market area (35 miles).
 - Reduces the fee for an electronic wagering license from \$500,000 to \$50,000 and the renewal fee from \$100,000 to \$10,000.

- Eliminates the requirement that an electronic wagering licensee enter into an agreement with each licensed racing facility regarding payment of host fees and other fees.
- Requires licensees to contribute to purse accounts under 3 Pa.C.S. § 9331(d).

- **Pennsylvania Race Horse Development Fund**
 - Converts the Race Horse Development Fund into a trust fund.
 - Specifies that assessments received are not Commonwealth funds.
 - Does not apply to certain statutory deductions.
 - Clawback provision requiring repayment of diverted funds since 2009.

- **Gaming Economic Development and Tourism Fund**
 - Increases in the daily assessment by 1%
 - 0.5% to be used to backfill for 2 years, then available for other projects
 - 0.5% to fund Casino Marketing and Capital Development Account
 - Local law enforcement grant funds of \$2M also transferred to Account.
 - \$4M per year to Category 1 & 2 casinos with GTR less than \$150M
 - \$2.5M per year to Category 1 & 2 casinos with GTR between \$150M and \$200M
 - \$500K per year to Category 3 casinos with GTR less than \$50M
 - Remaining funds awarded to casinos that file applications
 - Casinos are ineligible to receive funds during their first 2 years of licensure.
 - Sunsets the earlier of 10 years or when all Category 1 & 2 casinos go over \$200M GTR and all Category 3 casinos go over \$50M GTR.
 - Removes the sunset provision for certain projects in Allegheny County, including the Pittsburgh Airport, the Community Infrastructure and Tourism Fund, sports and exhibition authority, and the Gaming Economic Development Fund. Funds currently allocated to the Community Infrastructure and Tourism Fund will be combined with the Gaming Economic Development Fund.

- **Loan Repayment**
 - Requires the board, in consultation with all licensed gaming entities, to establish a schedule for repayment of the original \$36.1M loan made from the General Fund that was used to cover initial casino regulatory costs.
 - The schedule must begin no later than January 1, 2018 and be completed no later than June 30, 2019, and payments will be deposited in the General Fund.

- **Miscellaneous Title 4 (Amusements) Changes**
 - Authorizes multistate progressive slot machines.

- Authorizes skill and hybrid slot machines at licensed casinos.
- Permits private testing of slot machines and table game devices.
- Implements simple notification process for vendors that provide non-gaming goods and services to casinos.
- All licenses and permits issued by the board must be renewed every 5 years.
- All casinos must advertise the same problem gambling phone number.
- Authority over compulsive gambling programs is transferred from the Department of Health to the Department of Drug and Alcohol Programs.
- Prepaid cards/instruments may be used to play slot machines and table games.
- Clarifies that Pennsylvania State Police located within a casino have jurisdiction in casino parking lots.
- Specifies that board may not require Pennsylvania State Police to have onsite presence at Category 4 locations.
- Provides that entities involved in litigation challenging a decision of the board regarding the approval or denial of a slot machine license shall not be eligible for a Category 4 license, an iGaming certificate or license, casino simulcasting certificate, or sports wagering certificate.