

No. 1981-135

AN ACT

SB 962

Providing for the regulation of pari-mutuel thoroughbred horse racing and harness horse racing activities; imposing certain taxes and providing for the disposition of funds from pari-mutuel tickets.

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

CHAPTER 1 GENERAL PROVISIONS

Section 101. Short title.

This act shall be known and may be cited as the "Race Horse Industry Reform Act."

Section 102. Definitions.

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

"Commissions." The State Horse Racing Commission and the State Harness Racing Commission.

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

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

CHAPTER 2
STATE HORSE RACING COMMISSION AND STATE
HARNESS RACING COMMISSION

Section 201. Establishment of the commissions.

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

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

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

(d) Each commission shall engage an executive secretary, deputies, secretaries, officers and representatives as it may deem necessary, who shall serve during its pleasure. The commissions shall also engage other employees as they see fit and whose duties shall be prescribed by the commissions and whose compensation shall be fixed by the commissions within the appropriations available. Legal counsel for the commissions

shall be appointed in accordance with the act of October 15, 1980 (P.L.950, No.164), known as the "Commonwealth Attorneys Act." Each commission shall be subject to the provisions of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929," as to classification and compensation for all its employees.

(e) It shall be the duty of the executive secretary to keep a full and faithful record of the proceedings of the commissions, preserve at the general office of the commissions all books, maps, documents and papers entrusted to the executive secretary's care, prepare for service the papers and notices as may be required by the commissions and perform other duties as the commissions may prescribe. It shall be the duty of the executive secretary to keep, at the offices of the commissions, a docket setting forth the names of all stockholders in all corporations licensed under this act, the number of shares held by each stockholder and the date on which each shareholder acquired stock in the licensed corporation. The docket shall be open for public inspection.

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

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

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

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

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

(k) All licenses issued to corporations under the provisions of section 7 of the Pennsylvania Thoroughbred Horse Racing Law and under the provisions of section 7 of the Pennsylvania Harness Racing Law, shall continue with the same force and effect and shall be governed by the provisions of section 209.

Section 202. General powers of the commissions.

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

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

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

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

(3) The rules of the commissions shall also provide that all winning pari-mutuel tickets must be presented for payment before April 1 of the year following the year of their purchase and failure to present the ticket within the prescribed period of time shall constitute a waiver of the right to participate in the award. After April 1 of the year following, all licensed corporations will forward to the State Treasurer through the Department of Revenue for credit to the respective racing funds all funds so held for the uncashed tickets. Where it is shown to the satisfaction of the appropriate commission and the Department of Revenue, through substantiated and recorded data, that the reason for the pari-mutuel ticket or tickets being outstanding and unclaimed is loss, misplacement or theft within the confines and control of the pari-mutuel department of any licensed corporation and it is shown to the satisfaction of the appropriate commission and the Department of Revenue that the pari-mutuel ticket or tickets in question have been cashed by the pari-mutuel department, the Department of Revenue,

with the approval of the appropriate commission, may adjust and credit the licensed corporation's outstanding ticket account accordingly on March 31 of the year following the year of purchase or after a complete audit of the outstanding tickets accounts have been performed. The licensed corporation shall reimburse any employee who has been held personally accountable and paid for the lost, misplaced or stolen tickets.

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

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

Section 203. Incorporation.

(a) Any number of persons, not less than five, may incorporate for the purpose of conducting harness horse race meetings and thoroughbred horse race meetings at which pari-mutuel wagering will be conducted, with all the general powers of corporations created under the laws of this Commonwealth, by making, signing, acknowledging and filing with the Department of State a certificate which shall contain:

- (1) The name of the proposed corporation.
- (2) The objects for which it is to be formed and the location at which it is proposed to conduct its business.
- (3) The amount and description of the capital stock.
- (4) The location of its principal business office.
- (5) Its duration, which may be forever.
- (6) The number of its directors, not less than five nor more than 13.
- (7) The names and post office addresses of the directors for the first year.
- (8) The post office addresses of the subscribers and a statement of the number of shares of stock which each agrees to take in the corporation.

(b) Each such certificate shall be accompanied by the fees, bonus and taxes required by law in the case of corporations organized under the act of May 5, 1933 (P.L.364, No.106), known as the "Business Corporation Law."

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

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

(a) Whenever a transfer of stock of any licensed corporation or of any corporation which leases to a licensed corporation the track facility at which it conducts pari-mutuel horse races or which owns 25% or more of the stock of the licensed corporation shall be made, there shall be filed, simultaneously, with the corporation which issued such stock the following:

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

- (i) has been convicted of a crime involving moral turpitude;
- (ii) has been engaged in bookmaking or other forms of illegal gambling;
- (iii) has been found guilty of any fraud or misrepresentation in connection with racing or breeding;
- (iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction, for which suspension from racing might be imposed in such jurisdiction; or
- (v) has violated any rule, regulation or order of the commissions.

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

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

- (i) has been convicted of a crime involving moral turpitude;
- (ii) has engaged in bookmaking or other forms of illegal gambling;
- (iii) has been found guilty of any fraud or misrepresentation in connection with racing or breeding;
- (iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction, for which suspension from racing might be imposed in such jurisdiction; or
- (v) has violated any rule, regulation or order of the commissions.

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

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

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

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

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

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

Section 205. Number of horse racing corporations.

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

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

Section 206. Responsibilities of the Department of Revenue.

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

Section 207. Allocation of racing days.

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

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

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

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

(1) A licensed corporation that has an ownership interest in the facility at which the racing days are to be conducted shall be granted

up to 125 racing days in any calendar year upon request to the State Harness Racing Commission. The State Harness Racing Commission shall grant all racing days requested by licensed corporations described in this paragraph before any other racing days are granted to any other licensed corporation that desires to conduct a meet at the same facility owned in part or in whole by a licensed corporation that also desires to conduct a meet there.

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

(3) Upon request the State Harness Racing Commission may grant up to an additional 25 racing days over the 125 racing days to a licensed corporation in each calendar year, if racing meet schedules can accommodate these extra racing days and if each licensed corporation shall have been allocated racing days.

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

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

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

(d) If a racing day is cancelled by a licensed corporation for reasons beyond its control, the appropriate commission shall grant the licensed

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

Section 208. State admissions taxes.

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

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

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

Section 209. Licenses for horse race meetings.

(a) Any corporation desiring to conduct horse race meetings at which pari-mutuel wagering shall be permitted may apply to the appropriate commission for a license. If, in the judgment of the appropriate commission, the public interest, convenience or necessity will be served and a proper case for the issuance of the license is shown, the appropriate commission may issue the license. The license shall remain in effect so long as the licensed corporation complies with all conditions, rules and regulations and provisions of this act. A commission may revoke or suspend the license of any corporation, if the commission finds by a preponderance of the evidence that the corporation, its officers, employees or agents, has not complied with the conditions, rules, regulations and provisions of this act and that it would be in the public interest, convenience or necessity to revoke or suspend the license.

(b) Every license shall be issued upon condition:

(1) that every horse race meeting at which pari-mutuel wagering is conducted shall be subject to the supervision of and to the reasonable rules and regulations prescribed by the appropriate commission;

(2) that pari-mutuel wagering conducted shall also be subject to the supervision of and to the reasonable regulations prescribed by the Department of Revenue. Any license may also be issued upon any other condition that the appropriate commission shall determine to be necessary or desirable to insure that the public interest, convenience or necessity is served; and

(3) that the corporation can prove by a preponderance of the evidence that it has obtained the use of a facility to conduct horse race meetings. The proof may be demonstrated by documentation of an ownership interest in the facility or by a written lease for use of the facility. For purposes of this section, an ownership interest shall mean that a licensed corporation directly or through a parent or subsidiary has at least a 35% equity interest in the track facility at which it conducts horse race meetings or is the primary tenant at such facility. For purposes of this subsection, a primary tenant shall be that licensed corporation, if any, which is a tenant conducting horse racing meetings at a track facility at which no licensed corporation conducting horse race meetings has directly or through a parent or subsidiary at least a 35% equity interest in such facility, and if there is more than one such tenant at any such facility during the year prior to the year for which dates are requested, then among or between such tenants the primary tenant, if any, shall be designated by agreement among or between those licensed corporations which propose to conduct horse race meetings at the said track facility during the year for which dates are requested.

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

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

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

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

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

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

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

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

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

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

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

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

(5) If the appropriate commission finds that a licensed corporation does not have proof of a written lease of a facility to conduct horse

race meetings, it may suspend its license for a period of two years. After the expiration of the suspension, the appropriate commission may then revoke the license, if the licensed corporation has failed to contract for a facility at which to conduct horse race meetings.

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

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

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

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

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

Section 210. Shareholders.

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

(b) It shall be the duty of each licensed corporation within ten days after any transfer of stock in such licensee, to notify the appropriate commission of the transfer.

(c) Each certificate of stock issued by a licensed corporation shall have noted on the face thereof that the person whose name is indicated as the owner of the shares of stock by the certificate is the sole and absolute owner, and that he is not holding the shares of stock or any portion of the shares of stock represented by the certificate in trust for any person, partnership, firm or corporation who or which is prohibited from owning the shares of stock. If any of the shares of stock represented by a certificate of stock are held subject to the terms of either an inter vivos or testamentary trust for the benefit of any person who could lawfully own

such stock in his own name, the fact shall be noted on the face of the certificate and a copy of the instrument which created the trust shall be attached. A duplicate copy of the instrument which created the trust shall be filed with the appropriate commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) A knowing and willful violation of this section shall be cause for removal from public office, public employment or party office. In any such case, the public officer, public employee or party officer, violating

this section, shall be removed from office by appropriate authority having the power of removal.

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

“Party officer.” The following members or officers of any political party:

- (1) a member of a national committee;
- (2) a chairman, vice-chairman, secretary, treasurer or counsel of a State committee or member of the executive committee of a State committee;
- (3) a county chairman, vice-chairman, counsel, secretary or treasurer of a county committee; or
- (4) a city chairman, vice-chairman, counsel, secretary or treasurer of a city committee.

“Public employee.” Every person employed by the Commonwealth or any political subdivision thereof.

“Public officer.” Every person elected to any public office of the Commonwealth or any political subdivision thereof.

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

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

Section 212. Officials at horse race meetings.

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

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

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

(a) Each commission shall license trainers, jockeys, drivers, persons participating in thoroughbred and harness horse race meetings, horse owners and all other persons and vendors exercising their occupation or employed at thoroughbred and harness horse race meetings. Each commission shall fix the license fees to be paid by persons or corporations so licensed; provided, however, that such occupational license fees shall not exceed \$100. All fees shall be paid to the commissions and by them paid into the State Treasury through the Department of Revenue and credited to the respective State Horse Racing Fund or State Harness Racing Fund. The application shall be in the form and contain the information as each commission may require. All licenses may be issued for more than a one year term. The commissions may also stagger the termination dates and renewal dates of the licenses, in order to process and issue the licenses in an orderly manner. The commissions shall fix the manner by which licenses are processed and issued by rule or regulation.

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

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

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

- (1) Has been convicted of a crime involving moral turpitude.
- (2) Has engaged in bookmaking or other form of illegal gambling.
- (3) Has been found guilty of any fraud or misrepresentation in connection with racing or breeding.
- (4) Has been found guilty of any violation or attempt to violate any law, rule or regulation of racing in any jurisdiction, for which suspension from racing might be imposed in that jurisdiction.
- (5) Has violated any rule, regulation or order of the commissions.

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

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

(1) The applicant or licensee:

- (i) has been convicted of a crime involving moral turpitude;
- (ii) has engaged in bookmaking or other form of illegal gambling;
- (iii) has been found guilty of any fraud in connection with racing or breeding;
- (iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction for which suspension from racing might be imposed in that jurisdiction; or
- (v) who has violated any rule, regulation or order of the commissions.

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

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

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

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

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

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

(2) any interest in a licensed corporation that was held by a person, partnership, association or corporation on or before December 22, 1973.

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

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

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

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

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

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

Section 216. Interstate simulcastings of horse races.

Each commission may, upon request by any licensed corporation, grant permission for electronically televised simulcasts of horse races to be operated by the licensed corporation at the race track enclosure where a horse race meeting is being conducted during, between, before or after posted races for that racing day. The simulcasts shall be limited to horse races conducted at facilities outside this Commonwealth and televised to race track enclosures within this Commonwealth. All simulcasts of horse races from outside this Commonwealth shall also comply with the provisions of the Interstate Horse Racing Act of 1978, 92 Stat. 1811, 15 USC 3001 et seq. All forms of pari-mutuel wagering as described under section 221 shall be allowed on horse races to be televised by simulcasting. Each commission may promulgate rules or regulations to regulate the wagering and the operation of these horse races. All moneys wagered by patrons on these horse races shall be computed in the amount of money wagered each racing day for purposes of taxation under section 222.

Section 217. Refunds.

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

- (1) the moneys were in excess of the amount required by law;
- (2) the license for which application was made has been refused by the commission;
- (3) the moneys were received as a fine and the commission has, after review, reduced the amount of the fine; or
- (4) upon appeal, the court reduced or remitted the fine imposed and paid.

(b) Refunds shall, upon approval by the commission and after approval by the Board of Finance and Revenue, be paid from any moneys in the respective State Horse Racing Fund or State Harness Racing Fund.

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

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

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

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

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

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

Section 220. Filing of certain agreements with the commissions.

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

Section 221. Retention percentages for pari-mutuel pools.

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

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

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

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

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

(5) at least 25% but no more than 35% of the moneys plus the breakage from the trifacta or other wagering pools involving more than two horses in one or more races each racing day shall be retained by the licensed corporations for further distribution under section 222; and

(6) every corporation may retain less than 17% or 19% of the moneys in the wagering pools under paragraphs (2), (3) and (4) or less than 25% of the moneys in the wagering pools under paragraph (5) upon approval from the appropriate commission; and

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

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

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

(c) The commissions shall establish by rule or regulation provisions for minus-pools relating to the retention requirements under this section. Section 222. Distribution of moneys retained from pari-mutuel pools; taxation.

(a) At the close of each racing day, all licensed corporations out of the moneys retained on that day under section 221 shall distribute these moneys in the following manner:

(1) Seven-tenths of one percent of the amount wagered each racing day at thoroughbred horse race meetings shall be paid through the Department of Revenue into the State Treasury for credit to the Pennsylvania Breeding Fund. From September 1, 1981, ending on January 1, 1982, a licensed corporation conducting thoroughbred horse race meetings shall pay out of the amount wagered each racing day through the Department of Revenue for credit to the State Horse Racing Fund a tax of 4.55%.

(2) Seven-tenths of one percent of the amount wagered each racing day at harness horse race meetings shall be paid through the Department of Revenue for credit to the Pennsylvania Sire Stakes Fund. From September 1, 1981, ending on January 1, 1982, a licensed corporation conducting harness horse race meetings, except licensed corporations in school districts of the first class, shall pay out of the amount

wagered each day through the Department of Revenue for credit to the State Harness Racing Fund a tax of 4.5%. From September 1, 1981, ending on January 1, 1982, a licensed corporation conducting harness horse race meetings in a school district of the first class shall pay out of the amount wagered each racing day through the Department of Revenue for credit to the State Harness Racing Fund a tax of .5%.

(3) There is hereby created the State Harness Racing Fund and the State Horse Racing Fund. All licensed corporations that conduct harness race meetings shall pay a tax through the Department of Revenue for credit to the State Harness Racing Fund. All licensed corporations that conduct thoroughbred horse race meetings shall pay a tax through the Department of Revenue for credit to the State Horse Racing Fund. The tax imposed on all licensed corporations shall be a percentage tax on the amount wagered each racing day and be paid from the moneys retained under section 221. The tax shall be computed according to the following schedule:

(i) For the first 35 racing days in each calendar year conducted by each licensed corporation, the tax is 4 1/2%.

(ii) For the 36th racing day through to the 55th racing day in each calendar year conducted by each licensed corporation, the tax is 4%.

(iii) For the 56th racing day through to the 75th racing day in each calendar year conducted by each licensed corporation, the tax is 3 1/2%.

(iv) For the 76th racing day through to the 95th racing day in each calendar year conducted by each licensed corporation, the tax is 3%.

(v) For the 96th racing day through to the 115th racing day in each calendar year conducted by each licensed corporation, the tax is 2 1/2%.

(vi) For the 116th racing day through to the 150th racing day in each calendar year conducted by each licensed corporation, the tax is 2%.

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

(b) The State Harness Racing Commission shall make all distributions of moneys from the State Harness Racing Fund. The State Horse Racing Commission shall make all distribution of moneys from the State Horse Racing Fund. The commissions shall distribute moneys from their respective funds in the following manner:

(1) One million seven hundred fifty thousand dollars shall be paid from each fund to school districts of the first class, provided, that at least 150 racing days in each calendar year are conducted by licensed

corporations that conduct harness horse race meetings within the jurisdiction of a school district of the first class. Any combination of harness horse racing days conducted by licensed corporations in a school district of the first class shall be added together to comply with this 150 racing-day requirement. No school district of the first class shall receive any moneys from these funds, unless the 150 racing-day requirement is met.

(2) An amount equivalent to four-tenths of one percent of the amount wagered each racing day at harness horse race meetings shall be paid by the Harness Racing Commission from the Harness Racing Fund through the Department of Revenue for credit to the Pennsylvania Sire Stakes Fund, beginning on January 1, 1982. This amount shall be increased to seven-tenths of one percent on January 1, 1983 and then finally on January 1, 1984 and thereafter to 1%. These moneys are in addition to the moneys distributed to the Pennsylvania Sire Stakes Fund under subsection (a)(2).

(3) An amount equal to the greater of \$750,000 from each fund or the amount equivalent to one-fourth of one percent of the amount wagered each racing day at thoroughbred horse race meetings and harness horse race meetings shall be paid by each commission, from their respective fund through the Department of Revenue to the Department of Commerce for distribution by the Secretary of Commerce to eligible boroughs having a population of less than 12,000, eligible cities having a population of less than 12,000, eligible townships having a population of less than 12,000, each of their municipality authorities, or county authorities authorized to service the borough or township, for projects providing for the construction, rehabilitation, alteration, expansion or improvement of water facilities, sewage disposal facilities and access roads, in amounts not to exceed 75% of the cost, but not exceeding \$75,000 if in accordance with regulations promulgated by the Secretary of Commerce and approved by the Governor. No distribution shall be made in connection with any project unless it is determined that the project:

- (i) is not in conflict with programs of other departments of the Commonwealth;
- (ii) is not inconsistent with an existing development plan for the municipality;
- (iii) could not otherwise be financed;
- (iv) will strengthen the income-producing capability of the municipality, or improve the health and safety of the community;
- (v) is necessary to orderly community development; and
- (vi) does not involve other State funds.

(4) The salaries of employees of the commission employed by or for it under the provisions of this act and the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929."

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

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

(7) To pay all other expenses incurred by the commission in administering this act.

(8) Eighteen percent of all remaining moneys in the State Horse Racing and State Harness Racing Funds shall be paid into the Pennsylvania Fair Fund and 82% shall be paid into the General Fund. Moneys in the Pennsylvania Fair Fund are hereby appropriated to the Department of Agriculture for distribution under section 225.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) An award of 20% of the purse earned by every registered Pennsylvania-bred thoroughbred horse which finishes first, second or third in any race conducted by a licensed corporation under this act shall be paid to the breeder of said registered Pennsylvania-bred thoroughbred horse.

(2) An award of 10% of the purse earned by any Pennsylvania-bred thoroughbred horse which finishes first, second or third in any race conducted by a licensed corporation under this act shall be paid to the owner of the registered Pennsylvania sire which regularly stood in Pennsylvania at the time of conception of said Pennsylvania-bred thoroughbred horse.

(3) An award of 10% of the purse earned by any registered Pennsylvania-bred thoroughbred horse which finishes first in any race conducted by a licensed corporation under this act not restricting entry to registered Pennsylvania-bred thoroughbred horses shall be paid to the licensed owner of said registered Pennsylvania-bred thoroughbred horse at the time of winning.

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

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

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

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

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

(f) The Pennsylvania Breeding Fund Advisory Committee, under the jurisdiction of the State Horse Racing Commission, is hereby established and shall be part of the Pennsylvania State Horse Racing Commission. The commission shall consist of five members, all of whom shall be residents of Pennsylvania, to be appointed by the commission by June 1 of each year. The committee shall consist of two members of the Pennsylvania Horse Breeders' Association, one member from the licensed corporations, one member from the association representing horsemen racing in Pennsylvania and one member of the commission. If any member other than the commission member has not been recommended by June 1 of each year, the commission shall make an appointment for the organization failing to so recommend a member of the committee. The committee shall assist and advise the commission under the provisions of this act but shall have no power in administering the fund. The members of the committee shall receive no compensation for their services as members.

(g) The State Horse Racing Commission may contract with the Pennsylvania Horse Breeders' Association as the sole responsible body for the registration and records of Pennsylvania-breds. The Pennsylvania Horse Breeders' Association shall advise the commission when called upon and shall determine the qualifications for Pennsylvania-bred thoroughbred horses and Pennsylvania sires. Its registration and record facts are hereby declared as official Pennsylvania records. At the close of each calendar year, the Pennsylvania Horse Breeders' Association, through the Pennsylvania Breeding Fund Advisory Committee, shall submit to the commission for its approval an itemized budget of projected expenses for the ensuing year relating to the administration and development of the Pennsylvania Breeding Fund program. The commission, on no more than a quarterly basis, shall reimburse from the fund the Pennsylvania Horse Breeders' Association for those expenses actually incurred in the administration and development of the Breeding Fund program.

Section 224. Pennsylvania Sire Stakes Fund.

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

(b) After deduction of sufficient funds to cover the State Harness Racing Commission's cost of administration, 85%, unless a smaller percentage is necessary in order to comply with the minimum dollar requirement of subsection (e), of all remaining moneys in the Pennsylvania Sire Stakes Fund shall be divided among the licensed corporations that conduct harness horse race meetings. Each licensed corporation shall divide the funds received equally for each of:

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

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

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

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

(e) The remaining moneys in the Pennsylvania Sire Stakes Fund up to a total of and not exceeding \$20,000 for each agricultural fair shall be divided equally among those agricultural fairs conducting harness horse races for two-year-old and three-year-old harness horses: Provided, however, That in no event shall less than \$225,000 be allocated from the Pennsylvania Sire Stakes Fund and be divided equally among those agricultural fairs conducting these races. Each fair receiving the funds shall divide the total amount equally among all eligible races for two-year-old and three-year-old harness horses and shall apply the funds solely as additional purse funds. Only races to which entry is restricted to Pennsylvania-sired horses shall be eligible. The State Harness Racing Commission shall make the provisions and regulations as it shall deem necessary for the proper administration of the eligibility restriction.

(f) The fund moneys remaining following disbursements as directed in paragraphs (1), (2) and (3) of subsection (b) and subsections (c), (d) and (e) shall be divided among licensed corporations that conduct harness horse race meetings under this act in direct proportion to the rate by which each licensed corporation generated the fund moneys during the previous year to be used for purses as follows:

(1) Claiming and nonclaiming Pennsylvania Fund races which restrict entry to registered Pennsylvania-sired harness horses.

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

Section 225. Pennsylvania Fair Fund.

(a) There is hereby created the Pennsylvania Fair Fund which shall consist of the money appropriated under the provisions of section 222 and which shall be administered by the Secretary of Agriculture.

(b) The Secretary of Agriculture shall distribute the moneys in the Fair Fund, annually, on or before March 1 in the following manner:

(1) For reimbursement to county agricultural societies, independent agricultural societies and other organizations conducting an annual agricultural fair, as follows:

(i) a basic payment for operating expenses, the sum of which may not exceed \$12,000 for Class A fairs, \$10,000 for Class B fairs, \$8,000 for Class C fairs, \$6,000 for Class D fairs, and \$2,000 for Class E fairs. Class A fairs are those which operate on 40 acres or more of land and pay \$10,000 or more in premiums to winners of agricultural or agribusiness contests or exhibits; Class B fairs are those operating on 30 acres or more of land and pay \$7,500 to \$9,999 in premiums to winners of agricultural or agribusiness contests or exhibits; Class C fairs are those operating on 20 acres or more and pay \$5,000 to \$7,499 in premiums to winners of agricultural or agribusiness contests or exhibits; Class D fairs are those operating on ten or more acres and pay \$2,500 to \$4,999 in premiums to winners of agricultural or agribusiness contests or exhibits; and Class E fairs are those operating on less than ten acres and pay less than \$2,500 in premiums to winners of agricultural or agribusiness contests or exhibits. This basic payment may also be used for the premium awards if expenses of the fair do not total as much as the maximum amount which can be granted in the basic payment plus;

(ii) fifty percent of money paid for all other agricultural premiums not included in subparagraph (i) with a maximum payment for premiums not to exceed \$15,000.

(2) To be eligible for payment from the Pennsylvania Fair Fund, applications must be filed and approved during the calendar year in which the activity is held. An annual agricultural fair shall be deemed to be an event totaling no less than three days of activities for Class D and E fairs, no less than five days of activities for Class A, B and C fairs, with each day of activities for all classes consisting of a program or programs of six hours or more in length and all activities so designed as to contribute to the development of several or many phases of agriculture or agribusiness and with each fair required to meet the following requirements:

(i) exhibit agricultural or agribusiness products, materials and equipment;

(ii) conduct agricultural or agribusiness educational activities and demonstrations;

(iii) award premiums to agricultural or agribusiness contest and exhibit winners with a top award for first place and propor-

tionate awards to runners-up adjudged by position following the winner but not to exceed ten in number;

(iv) provides proper first aid through medical personnel and adequate sanitary facilities which meet *State and local requirements*;

(v) provide supervision of all activities by an officially appointed committee or a board of directors of not less than five persons;

(vi) file all reports, forms and applications for Pennsylvania Fair Funds and maintain records as required by the rules and regulations drafted and approved by the Secretary of Agriculture; and

(vii) provides that at least 25% of the events for which agricultural or agribusiness premiums are paid must be "open class" events.

No society hereafter incorporated or recognized by a county government or the Commonwealth shall be entitled to the benefits of this act until such society has conducted three consecutive annual exhibitions of the character designated in this paragraph and such society upon its inception shall file with the Secretary of Agriculture and declaration of its intention to apply for premium money for its fourth year. Such society must also file its report during its first three years the same as any other eligible society. This paragraph will not apply to an eligible society heretofore or hereafter *incorporated*, which shall resume the holding of annual exhibitions of the character designated in this paragraph, which exhibitions have been for a period of not more than two years temporarily discontinued.

(3) For reimbursement for each county agricultural society and each independent agricultural society conducting harness horse racing during its annual fair other than races for two and three-year old colts and fillies which races are provided for in paragraph (4), an amount of money equal to that used during their annual fair as purse money for harness horse racing, track and stable maintenance, starting gate rental and the cost of all harness horse racing officials required during their annual fair, but not more than \$10,000, a minimum of one-third of which must be used for purse money.

(4) For reimbursement for each county agricultural society and independent agricultural society conducting races for two and three-year old colts and fillies, at their annual fair on which a maximum of \$5,600 was paid annually. Entrance fees collected for each such race shall not be included when computing the amount distributed by the Secretary of Agriculture under this subsection.

(5) For reimbursement to Statewide agricultural organizations who contribute to the development of many phases of agriculture or agribusiness as provided under the rules and regulations drafted and approved by the Secretary of Agriculture:

(i) a maximum payment of \$2,000 for operating expenses including the payment of agricultural premiums plus;

(ii) fifty percent of money paid for all other agricultural premiums not included in subparagraph (i).

In no instance shall this total amount exceed \$12,000. To be eligible for payment from the Pennsylvania Fair Fund, applications must be filed and approved during the calendar year in which the activity is held.

(6) To countywide or Statewide 4-H and FFA or combined FFA and FHA units of boys and girls under 21 years of age a basic payment of \$2,000 annually, to be used for the general operations of such units in agriculture or agribusiness programs. An organization whose members consist of entirely of minors must apply through and be represented by an adult advisory group and both groups must be recognized by their respective county governments or by the Commonwealth of Pennsylvania. Each countywide or Statewide 4-H and FFA or combined FFA and FHA units shall be required to report on its activities and justify these activities as events which contribute to the advancement of agriculture or agribusiness. Reports shall include a record of expenses incurred in the conduct of these qualifying activities. The amount awarded to each youth group cannot exceed the amount of expenses reported for the conduct of activities. In addition to basic payments each participating 4-H, FFA or combined FFA and FHA units whose membership exceeds 1,000 members will be eligible for additional payments at the rate of \$2 per member for each member in excess of 1,000.

(c) If there is in the Pennsylvania Fair Fund an excess over the amount required to make payments specified in subsection (b) the excess shall be distributed as follows:

(1) No more than \$75,000 to be used by the Department of Agriculture for marketing and consumer service programs.

(2) No more than \$400,000 for agricultural research programs.

(d) The agricultural research projects shall be determined by a committee composed of the following membership; the Secretary of Agriculture, the chairmen and minority chairmen of the House and Senate Agriculture and Rural Affairs Committees, the chairman of the State Harness Racing Commission or his designee, the chairman of the State Horse Racing Commission or his designee and three persons designated by the Secretary of Agriculture from his staff.

(e) The Secretary of Agriculture shall be responsible for reviewing and evaluating the progress of the research projects. To assist in the valuation and review process, the secretary shall form an Agricultural Research Project Review Committee composed of representatives of various segments of the agricultural and agribusiness community. The Agricultural Research Project Review Committee shall meet at least annually to formulate recommendations for the secretary and the research project committee.

(f) In the event the amount of money in the Pennsylvania Fair Fund is less than is required to make payments specified in subsection (b), the amount granted to each recipient shall be reduced proportionately.

(g) In the event there is in the Pennsylvania Fair Fund an excess over the amounts required to make payment specified in subsections (b) and (c), the excess shall be disbursed by a committee consisting of the Secretary of Agriculture, the chairman of the House Agriculture and Rural Affairs Committee, the chairman of the Senate Agriculture and Rural Affairs Committee and four additional members to be appointed by the Secretary of Agriculture, two from fairs and two from the Department of Agriculture as follows: the excess shall be disbursed on a matching fund basis to fairs in amounts not to exceed \$25,000 to any one fair for the purpose of improving buildings and grounds, of adding more land or constructing new facilities for the proper conduct of the fairs except that a fair shall not be eligible for funds more than once every three years; disbursements to be made by the Department of Agriculture according to rules and regulations drafted by the Secretary of Agriculture and approved by the committee. Any balance remaining in the funds shall be returned to the General Fund.

(h) The Secretary of Agriculture shall provide forms for application for the distribution of the funds to county and independent agricultural societies and to youth groups with the exception of disbursements made under subsection (f). The Secretary of Agriculture shall prescribe such rules and regulations as he may deem necessary to carry out the provisions of this section and may make such investigations necessary to determine the validity of any claims and applications for distribution of moneys.

Section 226. Hearing of refusal or revocation of license.

If the commissions refuse to grant any license applied for under this act, or shall revoke or suspend any license granted, the applicant or licensee may demand, within ten days after notice of the decision of the appropriate commission, a hearing before the appropriate commission. The commission shall give prompt notice of the time and place for the hearing at which time the commission will hear the applicant or licensee. Pending the hearing and final determination, the action of the commissions in refusing to grant or in revoking or suspending a license shall remain in full force. The commissions may continue any hearing from time to time for the convenience of any of the parties. Any of the parties affected by a hearing may be represented by counsel. In the conduct of the hearing, the commissions shall not be bound by technical rules of evidence, but all evidence offered before the commissions shall be reduced to writing. All evidence, exhibits and findings of the commissions shall be permanently preserved and shall constitute the record of the commission. In connection with the hearing, the commissions shall have the power to administer oaths and examine witnesses, and may issue subpoenas to compel attendance of witnesses and the production of all material and relevant reports, books, papers, documents, correspondence and

other evidence. The commissions may by order refer to one or more of its officers the duty of taking testimony in the matter and to report to the commission. Within 30 days after the conclusion of the hearing, the appropriate commission shall make a final order in writing, setting forth the reasons for the action taken by it and a copy thereof shall be served on the applicant or licensee.

Section 227. Approval of the racing facility.

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

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

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

Section 229. State horse racing veterinarians and State steward.

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

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

Section 230. State harness racing veterinarians.

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

mission shall have the authority to employ other individuals as shall be necessary to carry out the responsibilities under this section.

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

Section 231. Free passes, cards or badges.

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

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

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

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

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

CHAPTER 3

MEDICATION RULES AND ENFORCEMENT PROVISIONS

Section 301. Mandatory requirements for medication rules.

(a) The commissions shall have in effect at all times when a licensed corporation conducts a horse racing meeting with pari-mutuel wagering rules or regulations to control the use and administration of any medication and the use and administration of any device that affects the performance of a race horse. The commissions may establish permitted tolerance levels and therapeutic dose allowances for all medication to be used or administered to a race horse.

(b) The commissions shall establish in their rules or regulations penalty provisions for the violation of these rules or regulations.

Section 302. Establishment of the Pennsylvania Race Horse Testing Laboratory.

(a) There is hereby established the Pennsylvania Race Horse Testing Laboratory. The laboratory shall be administered by a management committee composed of the two chairpersons of the commissions and the Secretary of Agriculture. The laboratory is placed in and made a part of the Department of Agriculture. All costs of the laboratory shall be paid by the commissions. The management committee shall appoint and direct all personnel, establish a facility, acquire all necessary equipment and supplies and adopt all necessary procedures.

(b) The purposes of the Pennsylvania Race Horse Testing Laboratory are to analyze samples for the presence in race horses of any medication, to develop techniques, equipment and procedures, to collect and test for the presence of medication in race horses, to ascertain permitted tolerance levels or therapeutic dose allowances for medication, to offer consultation and advice to the public on all issues regarding the medication of race horses and to conduct research in medication issues involving race horses.

Section 303. Equipment, supplies and facilities.

The costs of all equipment, supplies and facilities, except holding barns or stables, to be located at race horse meeting facilities, grounds or enclosures or at other locations designated by the management committee shall be paid by the commissions.

Section 304. Costs of the enforcement of the medication rules or regulations.

All costs for the collection and testing samples for any manner of medication shall be paid by the commissions.

CHAPTER 4 MISCELLANEOUS PROVISIONS

Section 401. Repealer.

(a) The following sections of the act of December 22, 1959 (P.L.1978, No.728), entitled, as amended, "An act providing for and regulating harness racing with pari-mutuel wagering on the results thereof; creating the State Harness Racing Commission as a departmental administrative commission within the Department of Agriculture and defining its powers and duties; providing for the establishment and operation of harness racing plants subject to local option; imposing taxes on revenues of such plants; disposing of all moneys received by the commission and all moneys collected from the taxes; authorizing penalties; and making appropriations," are to be treated as follows:

(1) Section 15(1) (relating to the disposition of pari-mutuel pools as regards to the tax imposed and allocated to the Pennsylvania Sire Stakes Fund) to be repealed retroactively beginning on September 1, 1981.

(2) Section 15(2) (relating to the disposition of the breakage retained and allocated to the permit holders and Pennsylvania Sire

Stakes Fund) to be repealed retroactively beginning on September 1, 1981.

(3) Section 16 (relating to disposition and appropriation of funds accruing under the provisions of this act) and those provisions of section 15 (relating to disposition of pari-mutuel pools) not repealed under paragraphs (1) and (2) of this subsection to be repealed on January 1, 1982.

(4) Section 25 (relating to appropriation of funds of Pennsylvania Sire Stakes Fund) to be repealed retroactively beginning on September 1, 1981.

(5) The remaining sections of the above mentioned act, as amended, are repealed immediately.

(b) The following sections of the act of December 11, 1967 (P.L.707, No.331), entitled "An act providing for and regulating thoroughbred horse racing with pari-mutuel wagering on the results thereof, creating the State Horse Racing Commission as an independent administrative commission and defining its powers and duties; providing for the establishment and operation of thoroughbred horse racing plants; imposing taxes on revenues of such plants; disposing of all moneys received by the commission and all moneys collected from the taxes; authorizing penalties; and making appropriations," are to be treated as follows:

(1) Section 17 (relating to disposition of pari-mutuel pools as regards to the tax imposed and allocated to the Pennsylvania Breeding Fund) to be repealed retroactively beginning on September 1, 1981.

(2) Section 17 (relating to disposition of pari-mutuel pools as regards to the breakage retained and allocated to the permit holders and the Commonwealth of Pennsylvania, Department of Revenue) to be repealed retroactively beginning on September 1, 1981.

(3) Section 17.1 (relating to the Pennsylvania Breeding Fund) to be repealed retroactively beginning on September 1, 1981.

(4) Section 18 (relating to disposition and appropriation of funds accruing under the provisions of the act) and those provisions of section 17 (relating to disposition of pari-mutuel pools) not repealed under paragraphs (1) and (2) of this subsection to be repealed on January 1, 1982.

(5) The remaining sections of the act are repealed immediately.

Section 402. Severability.

If any provisions of this act or the application thereof is held invalid or unconstitutional, such invalidity or unconstitutionality shall not effect other provisions or applications of this act which can be given effect without the invalid or unconstitutional provisions or applications and to this end the provisions of this act are declared to be severable.

Section 403. Effective dates.

(a) The following sections of this act are to take effect retroactively beginning on September 1, 1981:

(1) Section 208(a) (relating to the admissions taxes at thoroughbred horse race meetings).

(2) Section 222(a)(1) and (2) (relating to the Pennsylvania Breeding Fund and Pennsylvania Sire Stakes Fund, respectively).

(3) Section 222(c)(1), (2) and (3) and 222(d)(1) and (2) (relating to the distribution of the breakage retained at thoroughbred horse race meetings and harness horse race meetings, respectively).

(4) Section 223 (relating to the Pennsylvania Breeding Fund).

(5) Section 224 (relating to the Pennsylvania Sire Stakes Fund).

(b) Section 222(a)(3), (b)(1), (2), (3), (4), (5), (6), (7) and (e) are to take effect on January 1, 1982.

(c) All remaining sections of this act are to take effect immediately.

APPROVED—The 17th day of December, A. D. 1981.

DICK THORNBURGH