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FOUR PENNSYLVANIA ONLINE GAMING BILLS CONSIDERED; ONE BILL PROPOSED

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There could soon be a total of five bills under consideration in Pennsylvania, each offering its own view of the future of gaming within the Commonwealth, but all including some version of online gaming. Senator Kim Ward and three other Republican senators, including Senate President Pro Tempore Joe Scarnati, were the latest to join the discussion when they introduced Pennsylvania Senate Bill No. 900, detailing new comprehensive legislation. All of these bills should be followed closely as they propose to amend several key provisions of Pennsylvania's Race Horse Development and Gaming Act.

Three bills have been introduced that focus exclusively on the introduction of online gaming in the Commonwealth:

- HB 649 was introduced on February 26, 2015, by the Chair of the Gaming Oversight Committee, Representative John Payne. HB 649 would permit all types of interactive gaming. Applicants would pay a licensing fee of \$5 million and daily gross interactive gaming revenue would be taxed at a 14 percent tax rate. Representative Payne's bill does not address so-called "bad actors" that may have conducted illegal online gaming activities in the United States after the adoption of the Unlawful Internet Gambling Enforcement Act (UIGEA).

- HB 695 was introduced on March 3, 2015, by Representative Nick Maccarelli. More restrictive than Representative Payne's bill, HB 695 seeks only to legalize online poker in the Commonwealth. Internet gaming licenses would be available exclusively to current gaming licensees who would pay a licensing fee of \$5 million and a daily gross interactive gaming revenue tax of 14 percent. For purposes of suitability for licensing under this bill, persons who ceased providing goods and services related to Internet gaming after the enactment of UIGEA would be regarded differently from those shown to have flouted federal and state law.
- HB 920 was introduced by Representative Tina Davis on April 6, 2015, and offers another option for the legislature to consider online poker and casino games. Similar to the bill Representative Davis introduced in 2013, HB 920 focuses on responsible gaming and requires prospective gamblers to register for a patron account at one of Pennsylvania's existing casinos. Only licensed Pennsylvania casinos would be eligible to operate Internet gaming sites after paying a one-time authorization fee of \$5 million and all online gaming revenue would be taxed at a 28 percent tax rate. Unlike HB 695, Representative Davis' bill does not include a so-called "bad-actor" provision.

In addition to the Internet-only bills described above, two “omnibus” bills are currently being contemplated, one already introduced and one proposed, that would introduce online gaming:

- SB 900 was introduced on June 9, 2015, by Senator Kim Ward and five fellow Senators. In addition to other significant “fixes” to Pennsylvania’s gaming laws, the bill seeks to permit all types of interactive online gaming. Internet gaming licenses would be available exclusively to Category 1 and Category 2 license holders who each would pay a licensing fee of \$10 million and a daily gross Internet gaming revenue tax of 54 percent.
- Finally, on March 15, 2015, Senator Sean Wiley announced that he would soon be introducing a bill that would legalize online gaming. Senator Wiley’s bill would bring online poker to the

Commonwealth through existing casino licensees. Under the proposed bill, online poker would be available sometime after January 1, 2017, and would impose a license fee of \$500,000 with a 36 percent tax rate on online gaming revenues.

All four bills, and the one proposed bill, cite the need to remain competitive in the region and further enhance and develop the gaming laws of Pennsylvania. Pennsylvania would become the fourth state in the U.S. to offer online gaming, following Nevada, New Jersey and Delaware.

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