

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## SECOND REGULAR SESSION-2006

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Legislative Document

No. 1748

S.P. 665

In Senate, December 30, 2005

### **An Act To Make Technical Changes to the Gambling Laws**

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Submitted by the Department of Public Safety pursuant to Joint Rule 204.

Received by the Secretary of the Senate on December 28, 2005. Referred to the Committee on Legal and Veterans Affairs pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator GAGNON of Kennebec.

Be it enacted by the People of the State of Maine as follows:

2  
4       **Sec. 1. 5 MRSA §12004-A, sub-§47** is enacted to read:

6       47. Gambling                   \$35/Day                   8 MRSA §1002  
7       Control Board

8       **Sec. 2. 8 MRSA §1001, sub-§21**, as enacted by PL 2003, c. 687,  
10       Pt. A, §5 and affected by Pt. B, §11, is amended to read:

12       **21. Gross slot machine income.** "Gross slot machine income"  
13       means the total value of money, tokens, credits or similar  
14       objects or things of value used to actually play a slot machine  
15       minus money, credits or prizes paid out to winners before payback  
16       is distributed to a player.

18       **Sec. 3. 8 MRSA §1001, sub-§29-A** is enacted to read:

20       29-A. Net slot machine income. "Net slot machine income"  
21       means money, tokens, credits or similar objects or things of  
22       value used to play a slot machine minus money, credits or prizes  
23       paid out to winners.

24       **Sec. 4. 8 MRSA §1003, sub-§2, ¶Q**, as enacted by PL 2003, c.  
26       687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

28       Q. Certify monthly to the department a full and complete  
29       statement of all slot machine revenue, credits disbursed by  
30       licensees, administrative expenses and the allocation of  
31       gross slot machine income for the preceding month;

32       **Sec. 5. 8 MRSA §1003, sub-§2, ¶R**, as enacted by PL 2003, c.  
34       687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

36       R. Submit by March 15th an annual report to the Governor and  
37       the joint standing committee of the Legislature having  
38       jurisdiction over gambling affairs on slot machine revenue,  
39       credits disbursed by slot machine operators, administrative  
40       expenses and the allocation of gross slot machine income for  
41       the preceding year;

42       **Sec. 6. 8 MRSA §1011, sub-§4**, as enacted by PL 2003, c. 687,  
44       Pt. A, §5 and affected by Pt. B, §11, is amended to read:

46       **4. Requirement for license; agreement with municipality**  
47       **where slot machines are located.** A slot machine operator shall  
48       enter into an agreement with the municipality where the slot  
49       machine operator's slot machines are located that provides for  
50       revenue sharing or other compensation, including, but not limited  
51       to, a provision requiring the preparation, in conjunction with

2 the municipality, of a security plan for the premises on which  
3 the slot machines are located. The revenue-sharing agreement  
4 must provide for a minimum payment to the municipality of 3% of  
5 the ~~total-gross~~ net slot machine income derived from the machines  
6 located in the municipality.

7 **Sec. 7. 8 MRSA §1018, sub-§1**, as enacted by PL 2003, c. 687,  
8 Pt. A, §5 and affected by Pt. B, §11, is amended to read:

9 **1. Fees.** The application fee for a license and the annual  
10 fee for a registered slot machine under this chapter are as set  
11 out in this subsection.

12  
13 A. The initial registration fee for a registered slot  
14 machine is \$100. The annual renewal fee is ~~an amount, set~~  
15 ~~by rules of the board, equal to the cost to the board of~~  
16 ~~licensing slot machines and determined by dividing the costs~~  
17 ~~of administering the slot machine licenses by the total~~  
18 ~~number of slot machines licensed by the board~~ \$100 for each  
19 registered slot machine.

20  
21 B. The initial application fee for a slot machine  
22 distributor license is \$200,000. The annual renewal fee is  
23 ~~an amount, set by rules of the board, equal to the cost to~~  
24 ~~the board of licensing slot machine distributors and~~  
25 ~~determined by dividing the costs of administering the slot~~  
26 ~~machine distributor licenses by the total number of slot~~  
27 ~~machine distributors licensed by the board~~ \$75,000.

28  
29 C. The initial application fee for a slot machine operator  
30 license is \$200,000. The annual renewal fee is \$75,000 plus  
31 an amount, set by rules of the board, equal to the cost to  
32 the board of licensing slot machine operators and determined  
33 by dividing the costs of administering the slot machine  
34 operator licenses by the total number of slot machine  
35 operators licensed by the board.

36  
37 D. The annual application fee for a license for a gambling  
38 services vendor is \$2,000.

39  
40 E. The annual application fee for an employee license under  
41 section 1015 is \$250.

42  
43 In addition to the application fee for a license or annual fee  
44 for a registered slot machine, the board may charge a one-time  
45 application fee for a license or registration listed in  
46 paragraphs A to E in an amount equal to the projected cost of  
47 processing the application and performing any background  
48 investigations. If the actual cost exceeds the projected cost,  
49 an additional fee may be charged to meet the actual cost. If the  
50

2 projected cost exceeds the actual cost, the difference may be  
3 refunded to the applicant. All fees collected pursuant to this  
4 section must be deposited directly to the General Fund, except  
5 that \$25,000 of the annual renewal fee for a slot machine  
6 operator must be deposited to the Gross Slot Income Other Special  
7 Revenue Fund account within the Gambling Control Board to be  
8 transferred to the municipality in which the slot machines are  
9 operated, in accordance with subsection 2. All application and  
10 registration fees are nonrefundable and are due upon submission  
11 of the application.

12 **Sec. 8. 8 MRSA §1018, sub-§6**, as enacted by PL 2003, c. 687,  
13 Pt. A, §5 and affected by Pt. B, §11, is amended to read:

14 **6. Rules.** Rules adopted pursuant to this section are ~~major~~  
15 substantive routine technical rules, except that a rule adopted  
16 pursuant to subsection 1 that proposes to establish a fee for  
17 renewal that exceeds \$10,000 is a major substantive rule in  
18 accordance with Title 5, chapter 375, subchapter 2-A.

19 **Sec. 9. 8 MRSA §1020, sub-§3**, as enacted by PL 2003, c. 687,  
20 Pt. A, §5 and affected by Pt. B, §11, is amended to read:

21 **3. Limits on total slot machines.** The board shall  
22 determine the number of slot machines to be registered in the  
23 State. The board shall make this determination based upon the  
24 minimum ~~gross~~ net slot machine income, when distributed pursuant  
25 to section 1036, necessary to maintain the harness horse racing  
26 industry in this State, except that:

27 **A.** The total number of slot machines registered in the  
28 State may not exceed 1,500; and

29 **B.** A slot machine operator may not operate more than 1,500  
30 slot machines at any one commercial track.

31 **Sec. 10. 8 MRSA §1032**, as enacted by PL 2003, c. 687, Pt. A,  
32 §5 and affected by Pt. B, §11, is amended to read:

33 **§1032. Payment of credits by slot machine operator**

34 A slot machine operator shall redeem credits for players who  
35 earn credits on a slot machine located on the premises of that  
36 slot machine operator in accordance with rules adopted by the  
37 board. Notwithstanding Title 33, chapter 41, a slot machine  
38 operator may not redeem a credit slip more than 365 days from the  
39 date of issuance. The funds reserved for the payment of such a  
40 credit slip or expired unclaimed jackpot must be treated as gross  
41 slot machine income.

42

2           **Sec. 11. 8 MRSA §1036, sub-§1**, as enacted by PL 2003, c. 687,  
Pt. A, §5 and affected by Pt. B, §11, is amended to read:

4           **1. Distribution for administrative expenses of board.** A  
slot machine operator shall collect and distribute 1% of adjusted  
6 gross slot machine income to the Treasurer of State for deposit  
in the General Fund for the administrative expenses of the  
8 board. ~~For purposes of this subsection, "adjusted gross slot~~  
10 ~~machine income" means the total value of money or tokens, credits~~  
~~or similar objects or things of value used to actually play a~~  
~~slot machine before payback is distributed to a player.~~

12  
14           **Sec. 12. 8 MRSA §1036, sub-§2**, as amended by PL 2005, c. 109,  
§1, is further is amended to read:

16           **2. Distribution from commercial track.** A slot machine  
operator shall collect and distribute 39% of the ~~total-gross~~ net  
18 slot machine income from slot machines operated by the slot  
machine operator to the board for distribution by the board as  
20 follows:

22           A. Three percent of the ~~total-gross~~ net slot machine income  
must be deposited to the General Fund for administrative  
24 expenses of the board, including gambling addiction  
counseling services, in accordance with rules adopted by the  
26 board;

28           B. Ten percent of the ~~total-gross~~ net slot machine income  
must be forwarded by the board to the Treasurer of State,  
30 who shall credit the money to the fund established in  
section 298 to supplement harness racing purses;

32           C. Three percent of the ~~total-gross~~ net slot machine income  
34 must be credited by the board to the Sire Stakes Fund  
created in section 281;

36           D. Three percent of the ~~total-gross~~ net slot machine income  
38 must be forwarded by the board to the Treasurer of State,  
who shall credit the money to the Agricultural Fair Support  
40 Fund established in Title 7, section 77;

42           E. Ten percent of the ~~total-gross~~ net slot machine income  
44 must be forwarded by the board to the State Controller to be  
credited to the Fund for a Healthy Maine established by  
46 Title 22, section 1511 and segregated into a separate  
account under Title 22, section 1511, subsection 11, with  
48 the use of funds in the account restricted to the purposes  
described in Title 22, section 1511, subsection 6, paragraph  
E;

50

2 F. Two percent of the ~~total-gross~~ net slot machine income  
must be forwarded by the board to the University of Maine  
4 System Scholarship Fund created in Title 20-A, section 10909;

6 G. One percent of the ~~total-gross~~ net slot machine income  
must be forwarded by the board to the board of trustees of  
8 the Maine Community College System to be applied by the  
board of trustees to fund its scholarships program under  
10 Title 20-A, section 12716, subsection 1;

12 H. Four percent of the ~~total-gross~~ net slot machine income  
must be forwarded by the board to the Treasurer of State,  
14 who shall credit the money to the Fund to Encourage Racing  
at Maine's Commercial Tracks, established in section 299;  
16 however, the payment required by this paragraph is  
terminated when all commercial tracks have obtained a  
18 license to operate slot machines in accordance with this  
chapter;

20 I. Two percent of the ~~total-gross~~ net slot machine income  
must be forwarded by the board to the Treasurer of State,  
22 who shall credit the money to the Fund to Stabilize  
Off-track Betting Facilities established by section 300, as  
24 long as a facility has conducted off-track wagering  
operations for a minimum of 250 days during the preceding  
26 12-month period in which the first payment to the fund is  
required. After 48 months of receiving an allocation of the  
28 ~~total-gross~~ net slot machine income from a licensed  
operator, the percent of ~~total~~ net slot machine income  
30 forwarded to the Fund to Stabilize Off-track Betting  
Facilities is reduced to 1% with the remaining 1% to be  
32 forwarded to the State in accordance with subsection 1; and

34 J. One percent of the ~~total-gross~~ net slot machine income  
must be forwarded directly to the municipality in which the  
36 slot machines are located.

38 **Sec. 13. 17-A MRSA §954**, as amended by PL 1975, c. 740, §95,  
is further amended to read:

40 **§954. Unlawful gambling**

42 1. Any person is guilty of unlawful gambling if he that  
44 person intentionally or knowingly advances or profits from  
unlawful gambling activity.

46 1-A. A person is guilty of unlawful gambling if the person  
48 is under 21 years of age and plays a slot machine as defined in  
Title 8, section 1001, subsection 39.

50

2. Unlawful gambling is a Class D crime.

3. A person convicted of a violation under this section must forfeit to the State all income associated with that violation.

**Sec. 14. 25 MRSA §1542-A, sub-§3, ¶I** is enacted to read:

I. Trained personnel of the Department of Public Safety, Gambling Control Board shall take fingerprints of a person seeking licensure under Title 8, chapter 31.

**Sec. 15. 25 MRSA §1542-A, sub-§4**, as amended by PL 2001, c. 52, §8, is further amended to read:

**4. Duty to submit to State Bureau of Identification.** It is the duty of the law enforcement agency taking the fingerprints as required by subsection 3, paragraphs A, B and G to transmit immediately to the State Bureau of Identification the criminal fingerprint record. Fingerprints taken pursuant to subsection 1, paragraph C, D, E or F or pursuant to subsection 5 may not be submitted to the State Bureau of Identification unless an express request is made by the commanding officer of the State Bureau of Identification. Fingerprints taken pursuant to subsection 1, paragraph G must be transmitted immediately to the State Bureau of Identification to enable the bureau to conduct state and national criminal history record checks for the Department of Education. The bureau may not use the fingerprints for any purpose other than that provided for under Title 20-A, section 6103. The bureau shall retain the fingerprints, except as provided under Title 20-A, section 6103, subsection 9. Fingerprints taken pursuant to subsection 1, paragraph I and subsection 3, paragraph I must be transmitted immediately to the State Bureau of Identification to enable the bureau to conduct state and national criminal history record checks for the court and the Department of Public Safety, Gambling Control Board, respectively.

## SUMMARY

This bill makes the following changes to the laws concerning gambling.

1. It authorizes members of the Department of Public Safety, Gambling Control Board to receive a per diem compensation of \$35.

2. It amends the definition of "gross slot machine income," establishes a definition of "net slot machine income" and amends the terms consistently to be consistent throughout the law.



2           3. It establishes a fixed fee for reregistration of slot  
machines and provides that changes to the section of law  
4 governing registration fees and terms are routine technical rules  
as long as the fees established under that section do not exceed  
6 \$10,000.

8           4. It establishes the annual renewal fee of \$75,000 for a  
slot machine distributor license, and clarifies that certain  
10 application fees are annual fees.

12           5. It specifies that \$25,000 of the annual renewal fee for  
a slot machine operator must be deposited in a fund to be  
14 transferred to the municipality in which the slot machine is  
located.

16           6. It provides that, notwithstanding the law governing  
18 abandoned property, a slot machine operator may not redeem  
credits earned on slot machines more than 365 days after issuance.

20           7. It expands the definition of the crime of "unlawful  
22 gambling" to include gambling at slot machines by persons under  
21 years of age, and requires that all income associated with a  
24 violation of unlawful gambling be forfeited to the State.

26           8. It directs trained personnel of the Gambling Control  
Board to take fingerprints of persons seeking licensure under the  
28 Maine Revised Statutes, Title 8, chapter 31, and directs that  
such fingerprints be transmitted to the Department of Public  
30 Safety, State Bureau of Identification.