

# MAINE STATE LEGISLATURE

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MAINE

# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 1379

H.P. 969

House of Representatives, April 2, 2009

### **An Act To Authorize the Operation of Slot Machines on the Passamaquoddy Reservation**

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Reference to the Committee on Judiciary suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative SOCTOMAH of the Passamaquoddy Tribe.  
Cosponsored by Senator RAYE of Washington and  
Representatives: EATON of Sullivan, MITCHELL of the Penobscot Nation, PENDLETON of  
Scarborough, PERRY of Calais, SCHATZ of Blue Hill.

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

2 **Sec. 1. 8 MRSA §1003, sub-§2, ¶M,** as enacted by PL 2003, c. 687, Pt. A, §5  
3 and affected by Pt. B, §11, is amended to read:

4 M. ~~Inform commercial track operators~~ those applying for a license to operate slot  
5 machines that any slot machines licensed by the board must be compatible with the  
6 central site system of on-line monitoring used by the board;

7 **Sec. 2. 8 MRSA §1011,** as amended by PL 2005, c. 663, §6, is further amended to  
8 read:

9 **§1011. License to operate**

10 The board shall exercise authority over the licensing of all persons participating in the  
11 operation, distribution and maintenance of slot machines and slot machine facilities and  
12 over the registration of slot machines.

13 **1. Operator license required.** A person may not operate any slot machine in the  
14 State unless the person has been issued a license to operate slot machines by the board. A  
15 slot machine operator license authorizes a licensee to own or lease slot machines operated  
16 at a licensed gambling facility.

17 **2. Eligible persons.** The board may accept applications for a license to operate slot  
18 machines from the Passamaquoddy Tribe and any person who is licensed to operate a  
19 commercial track that satisfies the following criteria:

20 A. The commercial track is located at or within a 5-mile radius of the center of a  
21 commercial track that conducted harness racing with pari-mutuel wagering on more  
22 than 25 days during calendar year 2002; and

23 B. The operation of slot machines at the commercial track is approved by the voters  
24 of the municipality in which the commercial track to be licensed is located by  
25 referendum election held at any time after December 31, 2002 and before December  
26 31, 2003.

27 **3. Requirements for license; continued commercial track licensure.** The board  
28 may not issue a license to operate slot machines to any person unless that person  
29 demonstrates compliance with the qualifications set forth in sections 1016 and 1019. A  
30 person who is granted a license to operate slot machines at a commercial track must  
31 maintain a license to operate a commercial track, without lapse, suspension or revocation  
32 for the duration of the slot machine operator's license.

33 **4. Requirement for license; agreement with municipality where slot machines**  
34 **are located.** A slot machine operator licensed to operate slot machines at a commercial  
35 track shall enter into an agreement with the municipality where the slot machine  
36 operator's slot machines are located that provides for revenue sharing or other  
37 compensation, including, but not limited to, a provision requiring the preparation, in  
38 conjunction with the municipality, of a security plan for the premises on which the slot  
39 machines are located. The revenue-sharing agreement must provide for a minimum

1 payment to the municipality of 3% of the net slot machine income derived from the  
2 machines located in the municipality.

3 **5. Renewal.** Licenses to operate slot machines may be renewed upon application for  
4 renewal in accordance with this subchapter, subject to board rules.

5 **Sec. 3. 8 MRSA §1012, first ¶,** as enacted by PL 2003, c. 687, Pt. A, §5 and  
6 affected by Pt. B, §11, is amended to read:

7 An application for renewal of a commercial track slot machine operator license must  
8 first be approved under this section by the municipal officers of the municipality in which  
9 the commercial track with slot machines is located or, if the commercial track is in an  
10 unincorporated place, the application must be approved by the county commissioners of  
11 the county in which the commercial track with slot machines is located.

12 **Sec. 4. 8 MRSA §1012, sub-§1,** as enacted by PL 2003, c. 687, Pt. A, §5 and  
13 affected by Pt. B, §11, is amended to read:

14 **1. Hearings.** Municipal officers or county commissioners, as the case may be, may  
15 hold a public hearing for the consideration of a request for the renewal of a license to  
16 operate slot machines at a commercial track, except that, when an applicant has held a  
17 license for the prior 5 years and a complaint has not been filed with the board against the  
18 applicant within that time, the applicant may request a waiver of the hearing.

19 A. The board shall prepare and supply application forms for public hearings under  
20 this subsection.

21 B. Municipal officers or county commissioners, as the case may be, shall provide  
22 public notice of any hearing held under this section by causing, at the applicant's  
23 prepaid expense, a notice stating the name and place of the hearing to appear on at  
24 least 3 consecutive days before the date of the hearing in a daily newspaper having  
25 general circulation in the municipality where the premises of the commercial track  
26 with slot machines are located or one week before the date of the hearing in a weekly  
27 newspaper having general circulation in the municipality where the premises are  
28 located.

29 C. If municipal officers or county commissioners, as the case may be, fail to take  
30 final action on an application for a renewal of a slot machine operator license within  
31 60 days of the filing of an application, the application is considered approved and  
32 ready for action by the board. For purposes of this paragraph, the date of filing of the  
33 application is the date the application is received by the municipal officers or county  
34 commissioners.

35 **Sec. 5. 8 MRSA §1018, sub-§1,** as amended by PL 2005, c. 663, §7, is further  
36 amended to read:

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

39 A. The initial registration fee for a registered slot machine is \$100. The annual  
40 renewal fee is \$100 for each registered slot machine.

1 B. The initial application fee for a slot machine distributor license is \$200,000. The  
2 annual renewal fee is \$75,000.

3 C. The initial application fee for a commercial track slot machine operator license is  
4 \$200,000 and \$10,000 for a license to operate slot machines held by the  
5 Passamaquoddy Tribe. The annual renewal fee is \$75,000 for a commercial track slot  
6 machine operator license and \$3,000 for a license to operate slot machines held by  
7 the Passamaquoddy Tribe plus an amount, set by rules of the board, equal to the cost  
8 to the board of licensing slot machine operators and determined by dividing the costs  
9 of administering the slot machine operator licenses by the total number of slot  
10 machine operators licensed by the board.

11 D. The annual application fee for a license for a gambling services vendor is  
12 \$2,000.

13 E. The initial application fee for an employee license under section 1015 is \$250.  
14 The annual renewal fee is \$25.

15 In addition to the application fee for a license or annual fee for a registered slot machine,  
16 the board may charge a one-time application fee for a license or registration listed in  
17 paragraphs A to E in an amount equal to the projected cost of processing the application  
18 and performing any background investigations. If the actual cost exceeds the projected  
19 cost, an additional fee may be charged to meet the actual cost. If the projected cost  
20 exceeds the actual cost, the difference may be refunded to the applicant. All fees  
21 collected pursuant to this section must be deposited directly to the General Fund, except  
22 that \$25,000 of the annual renewal fee for a commercial track slot machine operator must  
23 be deposited to the Gross Slot Income Other Special Revenue Fund account within the  
24 Gambling Control Board to be transferred to the municipality in which the slot machines  
25 are operated, in accordance with subsection 2. All application and registration fees are  
26 nonrefundable and are due upon submission of the application.

27 **Sec. 6. 8 MRSA §1018, sub-§2**, as enacted by PL 2003, c. 687, Pt. A, §5 and  
28 affected by Pt. B, §11, is amended to read:

29 **2. Term of license; renewal, renewal fees.** All licenses issued by the board under  
30 this chapter are effective for one year, unless revoked or surrendered pursuant to  
31 subchapter 5. Upon proper application and payment of the required fees and taxes and in  
32 accordance with rules adopted by the board, the board may renew a license for an  
33 additional year if municipal approval has been obtained as provided in section 1012. The  
34 board shall transfer \$25,000 of the renewal fee for a commercial track slot machine  
35 operator license required by subsection 1, paragraph C to the municipality in which the  
36 slot machines are operated.

37 **Sec. 7. 8 MRSA §1020, sub-§3**, as amended by PL 2005, c. 663, §9, is further  
38 amended to read:

39 **3. Limits on total slot machines.** The board shall determine the number of slot  
40 machines to be registered in the State. The board shall make this determination based  
41 upon the minimum net slot machine income, when distributed pursuant to section 1036,  
42 necessary to maintain the harness horse racing industry in this State, except that:

- 1 A. The total number of slot machines registered in the State may not exceed 1,500;  
2 and
- 3 B. A slot machine operator may not operate more than 1,500 slot machines at ~~any~~  
4 one a commercial track; and
- 5 C. The Passamaquoddy Tribe may not operate more than 100 slot machines. Those  
6 machines may be operated only on the Pleasant Point Reservation and Indian  
7 Township Reservation in Washington County and only on weekends that the tribe is  
8 licensed to and conducts high-stakes beano in accordance with Title 17, section  
9 314-A.

10 **Sec. 8. 8 MRSA §1036, sub-§2**, as amended by PL 2007, c. 466, Pt. A, §29, is  
11 further amended to read:

12 **2. Distribution from commercial track.** A commercial track slot machine operator  
13 shall collect and distribute 39% of the net slot machine income from slot machines  
14 operated by the commercial track slot machine operator to the board for distribution by  
15 the board as follows:

- 16 A. Three percent of the net slot machine income must be deposited to the General  
17 Fund for administrative expenses of the board, including gambling addiction  
18 counseling services, in accordance with rules adopted by the board;
- 19 B. Ten percent of the net slot machine income must be forwarded by the board to  
20 the Treasurer of State, who shall credit the money to the fund established in section  
21 298 to supplement harness racing purses;
- 22 C. Three percent of the net slot machine income must be credited by the board to  
23 the Sire Stakes Fund created in section 281;
- 24 D. Three percent of the net slot machine income must be forwarded by the board to  
25 the Treasurer of State, who shall credit the money to the Agricultural Fair Support  
26 Fund established in Title 7, section 91;
- 27 E. Ten percent of the net slot machine income must be forwarded by the board to  
28 the State Controller to be credited to the Fund for a Healthy Maine established by  
29 Title 22, section 1511 and segregated into a separate account under Title 22, section  
30 1511, subsection 11, with the use of funds in the account restricted to the purposes  
31 described in Title 22, section 1511, subsection 6, paragraph E;
- 32 F. Two percent of the net slot machine income must be forwarded by the board to  
33 the University of Maine System Scholarship Fund created in Title 20-A, section  
34 10909;
- 35 G. One percent of the net slot machine income must be forwarded by the board to  
36 the board of trustees of the Maine Community College System to be applied by the  
37 board of trustees to fund its scholarships program under Title 20-A, section 12716,  
38 subsection 1;
- 39 H. Four percent of the net slot machine income must be forwarded by the board to  
40 the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at  
41 Maine's Commercial Tracks, established in section 299; however, the payment.

1 required by this paragraph is terminated when all commercial tracks have obtained a  
2 license to operate slot machines in accordance with this chapter;

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

12 J. One percent of the net slot machine income must be forwarded directly to the  
13 municipality in which the slot machines are located.

14 **Sec. 9. 8 MRSA §1036, sub-§2-A** is enacted to read:

15 **2-A. Distribution from tribal gambling facility.** The Passamaquoddy Tribe shall  
16 collect and distribute 14% of the net slot machine income from slot machines operated by  
17 the tribe to the board for distribution by the board as follows:

18 A. One percent of the net slot machine income must be deposited to the General  
19 Fund for administrative expenses of the board, including gambling addiction  
20 counseling services, in accordance with rules adopted by the board;

21 B. Two percent of the net slot machine income must be forwarded by the board to  
22 the University of Maine System Scholarship Fund created in Title 20-A, section  
23 10909;

24 C. Two percent of the net slot machine income must be forwarded by the board to  
25 the board of trustees of the Maine Community College System to be applied by the  
26 board of trustees to fund its scholarships program under Title 20-A, section 12716,  
27 subsection 1;

28 D. One percent of the net slot machine income must be forwarded by the board to the  
29 Department of Defense, Veterans and Emergency Management, Bureau of Maine  
30 Veterans' Services;

31 E. Two percent of the net slot machine income must be forwarded by the board to  
32 the Maine Technology Institute under Title 5, section 15302;

33 F. Two percent of the net slot machine income must be forwarded by the board to an  
34 economic development council in Washington County;

35 G. One percent of the net slot machine income must be forwarded by the board to  
36 homeless shelters;

37 H. Two percent of the net slot machine income must be forwarded by the board to  
38 other federally recognized Indian tribes in the State that are not licensed to operate  
39 slot machines; and

1 I. One percent of the net slot machine income must be forwarded by the board to an  
2 organization in the Bangor area that provides housing to families of chronically ill  
3 children in connection with the treatment of those children.

4 **SUMMARY**

5 This bill allows the Passamaquoddy Tribe to be licensed to operate not more than 100  
6 slot machines on the Pleasant Point Reservation and Indian Township Reservation in  
7 Washington County in conjunction with high-stakes beano. The license would be subject  
8 to existing licensing requirements and oversight by the Gambling Control Board. The  
9 initial license fee for the slot machine license, based on the maximum of 100 machines,  
10 would be \$10,000 and the annual renewal fee is \$3,000. One percent of the gross slot  
11 machine revenue would be required to be deposited to the General Fund. Fourteen  
12 percent of the net slot machine revenue from slot machines operated by the  
13 Passamaquoddy Tribe would be distributed as follows:

14 1. One percent to the General Fund for administrative expenses of the board,  
15 including gambling addiction counseling services, in accordance with rules adopted by  
16 the board;

17 2. Two percent to the University of Maine System Scholarship Fund;

18 3. Two percent to the Maine Community College System to fund its scholarships  
19 program;

20 4. One percent to the Department of Defense, Veterans and Emergency  
21 Management, Bureau of Maine Veterans' Services;

22 5. Two percent to the Maine Technology Institute;

23 6. Two percent to an economic development council in Washington County;

24 7. One percent to homeless shelters;

25 8. Two percent to be forwarded to other federally recognized Indian tribes in the  
26 State that are not licensed to operate slot machines; and

27 9. One percent to the Ronald McDonald House in Bangor, an organization that  
28 provides housing to families of chronically ill children in connection with the treatment  
29 of those children.