

MAINE STATE LEGISLATURE

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S.M.C.
R. 000

Date: 4-2-10

(Filing No. H-817)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
SECOND REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to I.B. 5, L.D. 1808, Bill, "An Act To Allow a Casino in Oxford County"

Amend the amendment by striking out the substitute title and replacing it with the following:

'An Act Relating to the Establishment of Casinos'

Amend the amendment by striking out everything after the substitute title and before the summary and inserting the following:

'Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 8 MRSA §1001, sub-§5-A is enacted to read:

5-A. Casino. "Casino" means a facility that offers entertainment to the public in the form of various types of gambling activities, including, but not limited to, slot machines, card games, roulette and other games of chance on which patrons wager something of value with the hope of winning something of value in return.

Sec. 2. 8 MRSA §1001, sub-§5-B is enacted to read:

5-B. Casino operator. "Casino operator" means an entity or entities contracted by the State as an agent of the State for the purpose of operating a casino.

Sec. 3. 8 MRSA §1002, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is repealed and the following enacted in its place:

2. Members. The board consists of 7 members appointed by the Governor.

A. Two of the board members must have training or experience in at least one of the following fields:

- (1) Gambling industry; and
- (2) Harness racing industry.

B. Training or experience in the following fields must be represented to the greatest extent possible:

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- 1 (1) Substance abuse and gambling addiction services;
- 2 (2) Computer science or electronic monitoring and oversight of gambling;
- 3 (3) Corporate finance or accounting;
- 4 (4) Nonprofit gaming by veterans service organizations; and
- 5 (5) Law enforcement.

6 A member may not simultaneously serve on the Gambling Control Board and any other
7 board or commission established by the State.

8 **Sec. 4. 8 MRSA §1003, sub-§1, ¶A,** as enacted by PL 2003, c. 687, Pt. A, §5 and
9 affected by Pt. B, §11, is amended to read:

10 A. Regulate, supervise and exercise general control over the casinos and the
11 ownership and operation of slot machines, the distribution of slot machines and slot
12 machine facilities;

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

15 H. Pursuant to subchapter 5, cause the department to investigate all complaints made
16 to the board regarding casinos and ownership, distribution or operation of slot
17 machines and all violations of this chapter or rules adopted under this chapter;

18 **Sec. 6. 8 MRSA §1003, sub-§2, ¶I,** as enacted by PL 2003, c. 687, Pt. A, §5 and
19 affected by Pt. B, §11, is amended to read:

20 I. Adopt rules to prevent undesirable conduct relating to casinos and the ownership,
21 distribution and operation of slot machines and slot machine facilities, including, but
22 not limited to, the following:

- 23 (1) The practice of any fraud or deception upon a casino patron, a player of a slot
24 machine or a licensee;
- 25 (2) The presence or location of a slot machine or gambling activity in or at
26 premises that may be unsafe due to fire hazard or other public safety conditions;
- 27 (3) The infiltration of organized crime into the ownership, distribution or
28 operation of slot machines and slot machine facilities; and
- 29 (4) The presence of disorderly persons ~~in a location where~~ at casinos and slot
30 ~~machines are in use~~ machine facilities;

31 **Sec. 7. 8 MRSA §1003, sub-§2, ¶J,** as enacted by PL 2003, c. 687, Pt. A, §5 and
32 affected by Pt. B, §11, is amended to read:

33 J. Maintain a central site system of monitoring in real time both all slot machines
34 licensed in accordance with this chapter using an on-line inquiry and the operation of
35 other gaming activities at casinos using on-site monitoring;

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

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1 L. Ensure that the slot machine operator or casino operator does not have access to
2 any system that is capable of programming slot machines;

3 **Sec. 9. 8 MRSA §1003, sub-§2, ¶O**, as enacted by PL 2003, c. 687, Pt. A, §5
4 and affected by Pt. B, §11, is amended to read:

5 O. Cause the central site monitoring system to disable a slot machine operated at a
6 slot machine facility and cause the department to seize the proceeds of that slot
7 machine if the funds from that slot machine have not been distributed, deposited or
8 allocated in accordance with section 1036;

9 **Sec. 10. 8 MRSA §1003, sub-§2, ¶Q**, as amended by PL 2005, c. 663, §4, is
10 further amended to read:

11 Q. Certify monthly to the department a full and complete statement of all gambling
12 revenue from casinos and slot machine revenue, credits disbursed by licensees,
13 administrative expenses and the allocation of slot machine income for the preceding
14 month;

15 **Sec. 11. 8 MRSA §1003, sub-§2, ¶R**, as amended by PL 2005, c. 663, §5, is
16 further amended to read:

17 R. Submit by March 15th an annual report to the Governor and the joint standing
18 committee of the Legislature having jurisdiction over gambling affairs on casino
19 revenue and slot machine revenue, credits disbursed by slot machine operators,
20 administrative expenses and the allocation of slot machine income for the preceding
21 year;

22 **Sec. 12. 8 MRSA §1003, sub-§3, ¶G**, as enacted by PL 2003, c. 687, Pt. A, §5
23 and affected by Pt. B, §11, is amended to read:

24 G. Minimum procedures for the exercise of effective control over the internal fiscal
25 affairs of casinos and slot machine operators, slot machine distributors, gambling
26 services vendors and nongambling services vendors, including provisions for the
27 safeguarding of assets and revenues, the recording of cash and evidence of
28 indebtedness and the maintenance of reliable records, accounts and reports of
29 transactions, operations and events, including reports to the board;

30 **Sec. 13. 8 MRSA §1003, sub-§3, ¶H**, as enacted by PL 2003, c. 687, Pt. A, §5
31 and affected by Pt. B, §11, is amended to read:

32 H. Procedures for the annual audit of the books and records of casinos, slot machine
33 operators, slot machine distributors and gambling services vendors;

34 **Sec. 14. 8 MRSA §1003, sub-§3, ¶I**, as enacted by PL 2003, c. 687, Pt. A, §5
35 and affected by Pt. B, §11, is amended to read:

36 I. Establishment of a list of persons who are to be excluded or removed from any
37 casino or slot machine facility, including those persons who voluntarily request that
38 their names be included on the list of excluded persons. These rules must define the
39 standards for exclusion and removal and include standards regarding persons who are
40 career or professional offenders, as defined by rules of the board, whose presence in a

1 slot machine facility would, in the opinion of the board, be inimical to the interest of
2 the State;

3 **Sec. 15. 8 MRSA §1004, sub-§1, ¶D**, as enacted by PL 2003, c. 687, Pt. A, §5
4 and affected by Pt. B, §11, is amended to read:

5 D. Allow the slot machine operator or casino operator to install independent player
6 tracking systems to include cashless technology as approved by the board;

7 **Sec. 16. 8 MRSA §1011**, as amended by PL 2005, c. 663, §6, is further amended
8 to read:

9 **§1011. License to operate**

10 The board shall exercise authority over the operation of casinos as governed by
11 subchapter 7 and the licensing of all persons participating in the operation, distribution
12 and maintenance of slot machines and slot machine facilities and over the registration of
13 slot machines.

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

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

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

24 B. The operation of slot machines at the commercial track is approved by the voters
25 of the municipality in which the commercial track to be licensed is located by
26 referendum election held at any time after December 31, 2002 and before December
27 31, 2003.

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

34 **4. Requirement for license; agreement with municipality where slot machines**
35 **are located.** A slot machine operator at a slot machine facility shall enter into an
36 agreement with the municipality where the slot machine operator's slot machines are
37 located that provides for revenue sharing or other compensation, including, but not
38 limited to, a provision requiring the preparation, in conjunction with the municipality,
39 a security plan for the premises on which the slot machines are located. The revenue-
40 sharing agreement must provide for a minimum payment to the municipality of 3% of the
41 net slot machine income derived from the machines located in the municipality.

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

Sec. 17. 8 MRSA §1020, sub-§3, as amended by PL 2005, c. 663, §9, is further amended to read:

3. Limits on total slot machines at slot machine facilities and casinos. The board shall determine the number of slot machines to be registered in the State. The board shall make this determination based upon the minimum net slot machine income, when distributed pursuant to section 1036, necessary to maintain the harness horse racing industry in this State and the total number of facilities licensed to operate slot machines in the State, except that:

A. The total number of slot machines at slot machine facilities registered in the State may not exceed ~~4,500~~ 3,000; and

B. A slot machine operator or a casino may not operate more than ~~4,500~~ 1,000 slot machines at any one ~~commercial track~~ slot machine facility or casino.

Sec. 18. 8 MRSA c. 31, sub-c. 7 is enacted to read:

SUBCHAPTER 7

CASINOS

§1071. Casinos to be managed by the board

Notwithstanding Title 17-A, chapter 39, the board shall be responsible for the management and operation of up to 3 casinos in the State through state-contracted casino operators in accordance with this section.

1. Request for proposals to operate casinos. The board shall submit a request for proposals to operate up to 3 casinos in the State in accordance with the competitive bidding process established by Title 5, chapter 155, subchapter 1-A,

2. Minimum requests for consideration; municipal approval; preferences. The board may not consider a proposal for a casino in any region as determined in accordance with section 1073 unless a minimum of 2 separate proposals have been submitted to operate a casino in that region and the proposal includes certification of approval for a casino by the governing body of the municipality, or the county for an unincorporated place, where the casino is proposed to be located. When considering requests for proposals to operate a casino, the board shall give preference to:

A. An entity that is working with or on behalf of a federally recognized Indian tribe with reservation or trust land in the State;

B. An entity that is proposing to locate the casino in a region of proportionately high unemployment; and

C. An existing commercial track licensed to accept pari-mutuel wagers on harness racing.

1 **3. Profit-sharing formula required.** The board shall require in the request for
2 proposals to operate a casino under subsection 1 a profit-sharing formula that
3 demonstrates the revenue to be divided between the General Fund and the operator.

4 **4. Minimum investment.** An entity submitting a competitive bid to operate a casino
5 under subsection 1 must demonstrate willingness to make a minimum investment of land,
6 buildings and infrastructure at the location of a proposed casino.

7 **5. Privilege fee; term of contract.** An entity that successfully bids for a casino
8 contract pursuant to subsection 1 shall pay a minimum privilege fee of \$5,000,000 to the
9 board to be deposited to the General Fund. The term of the contract between the State
10 and a casino operator may not exceed 20 years.

11 **6. Existing slot machine facility; right of refusal.** Notwithstanding subsection 1
12 and in addition to the 3 casinos that are authorized and subject to the competitive bid
13 process, the board may enter into a contract with an existing slot machine facility licensed
14 to operate slot machines on January 1, 2010 to operate a casino at an existing slot
15 machine facility location. If the operator of a slot machine facility opts to be licensed as a
16 casino, the board shall negotiate a contract with the operator that must include an initial
17 privilege fee of \$3,000,000 to the board to be deposited to the General Fund. The
18 contract must provide for the distribution of slot machine revenue as described in section
19 1036 and the provision that net table game revenue be deposited to the General Fund in
20 accordance with the percentage established by the contract.

21 **§1072. Casino operator to have interest in only one casino**

22 A casino operator may not have an interest in more than one casino in the State. This
23 provision does not preclude the slot machine operator of a slot machine facility licensed
24 as of January 1, 2010 from being licensed as a casino operator.

25 **§1073. Location of casinos**

26 The board shall establish 4 regions for the location of casinos. Each region must
27 have a population center that can economically sustain a casino. A casino must be
28 located at least 75 miles from another casino or slot machine facility. If a slot machine
29 facility licensed as of January 1, 2010 opts to enter into a contract with the board to
30 operate a casino, the location of that slot machine facility must be considered one of the 4
31 regions.

32 **§1074. State share of gaming revenue**

33 A casino operated in the State shall distribute to the board the state share of net slot
34 machine and net table game revenue pursuant to contract under section 1071, subsection
35 3 to be deposited in equal proportions to the funds created by sections 1075, 1076 and
36 1077.

37 **§1075. General purpose aid to education fund**

38 A fund is established within the Department of Education to supplement the state
39 share of essential programs and services as required by Title 20-A, section 15671 to
40 which the board will credit a portion of the state share of net slot machine and net table
41 game revenue in accordance with section 1074.

1 **§1076. Veterans tax exemption reimbursement fund**

2 A fund is established within the Department of Administrative and Financial
3 Services, Bureau of Revenue Services to reimburse municipalities for property tax
4 exemptions granted to veterans in accordance with Title 36, chapter 105, subchapter 4 to
5 which the board will credit a portion of the state share of net slot machine and net table
6 game revenue in accordance with section 1074.

7 **§1077. Homestead exemption reimbursement fund**

8 A fund is established within the Department of Administrative and Financial
9 Services, Bureau of Revenue Services to reimburse municipalities for resident homestead
10 property tax exemptions in accordance with Title 36, chapter 105, subchapter 4-B to
11 which the board will credit a portion of the state share of net slot machine and net table
12 game revenue in accordance with section 1074.

13 **Sec. 19. Report; legislation.** By March 1, 2011 the Gambling Control Board
14 shall submit a report to the joint standing committee having jurisdiction over gambling
15 matters describing the potential location for casinos and the contents of the request for
16 proposals to be submitted to potential casino operators. The board shall include with the
17 report proposed legislation for the administration of oversight of casinos in the State.''

18 **SUMMARY**

19 This amendment is proposed as a competing measure to the initiated bill to allow a
20 casino in Oxford County. This amendment would authorize the establishment of 3
21 casinos in the State subject to a competitive bidding process. Successful bidders would
22 win the right to enter into a contract with the State to operate a casino for 20 years. A
23 successful bidder is subject to a privilege fee of \$5,000,000 to operate a casino. An
24 existing slot machine facility would also be authorized to enter into a contract with the
25 State to operate a casino at the existing slot machine facility without being subject to the
26 competitive bidding process. A privilege fee for a casino that was an existing slot
27 machine facility is \$3,000,000 under this amendment. As determined by a contract with
28 the State, the state share of net gaming revenue from the casinos would be divided
29 equally among 3 funds that reimburse municipalities for education, veterans property tax
30 exemptions and homestead property tax exemptions.

31 **SPONSORED BY:** 

32 **(Representative VALENTINO)**

33 **TOWN: Saco**

FISCAL NOTE REQUIRED
(See attached)



124th MAINE LEGISLATURE

LD 1808

LR 2625(05)

An Act To Allow a Casino in Oxford County

Fiscal Note for House Amendment "A" to Committee Amendment "A"

Sponsor: Rep. Valentino of Saco

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium revenue increase - General Fund
 Potential current biennium revenue decrease - General Fund
 Potential current biennium revenue increase - Other Special Revenue Funds
 Potential current biennium revenue decrease - Other Special Revenue Funds

Fiscal Detail and Notes

The impact of this bill as amended is contingent on approval by the voters as a competing measure to the initiated bill at the referendum in November of 2010.

This amendment removes the Oxford County casino, table games at the existing Bangor facility, and the tribal commercial track and casino in Washington County. It provides for up to 3 casinos to be selected through a competitive bidding process and managed by the Gambling Control Board. Additionally, the Board may enter into a contract with the existing Bangor facility to operate a casino at that location. Each bid must include municipal approval and a profit sharing formula describing how revenues shall be divided between the State and the operator.

Presented below is an estimate of the amount of revenue that might be realized from these casinos assuming a total of 2,000 additional slot machines, 84 total table games at the three casinos, and 54 table games at the Bangor facility. When the locations of the three casinos are ultimately decided the revenue shown below could be reduced by the percentage of market share the casinos take away from each other through competition.

<u>Summary of Potential Revenue</u>	Annual Estimate
Gross Slot and Table Game Income	\$1,698,693,334
Player Payback (assumed at 91.55% of gross income)	\$1,555,153,747
Net Slot and Table Game Income - Casinos	\$125,840,000
Net Table Game Income - Bangor	\$17,699,587
Privilege Fee - First Year Only - General Fund	\$18,000,000

The State's share of profits from Bangor table games would be deposited to the General Fund. The State's share of profits from the three casinos would be deposited in equal proportions to 3 Other Special Revenue Funds accounts. The State's share of profits would only be determined once the bids are received and the contracts are negotiated. As an example, if the profit sharing percent was 35%, the amounts distributed would be as follows:

General Fund	\$6,194,855
Other Special Revenue Funds:	
* General Purpose Aid to Education Fund	\$14,681,333
* Veterans Tax Exemption Reimbursement Fund	\$14,681,333
* Homestead Exemption Reimbursement Fund	\$14,681,333