

MAINE STATE LEGISLATURE

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Date: 6/3/11

Majority

L.D. 1418
(Filing No. H-522)

VETERANS AND LEGAL AFFAIRS

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1044, L.D. 1418, Bill, "An Act To Allow Table Games at a Facility Licensed To Operate Slot Machines on January 1, 2011"

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

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the commercial harness racing track that operates a slot machine facility in Bangor has been a good corporate citizen; and

Whereas, an enhanced gambling facility in Bangor will provide much needed jobs for citizens in Maine and is prepared to operate table games as soon as it receives a license; and

Whereas, the General Fund will recognize much needed revenue from the enhancement of gaming opportunities at the established facility in Bangor; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 8 MRSA §1001, sub-§5-A, as enacted by IB 2009, c. 2, §2, is amended to read:

5-A. Casino. "Casino" means a facility ~~in Oxford County, other than a commercial track~~ licensed in accordance with this chapter, where gambling activities occur, including, but not limited to, the operation of slot machines and table games.

Sec. 2. 8 MRSA §1011, sub-§2-A, as enacted by IB 2009, c. 2, §29, is amended to read:

COMMITTEE AMENDMENT

1 **2-A. Persons eligible for casino operator license.** The board may accept an
2 application for a casino operator license to operate slot machines and table games at a
3 casino from a commercial track licensed to operate a slot machine facility on January 1,
4 2011 for the same location where slot machines were operated on January 1, 2011 and
5 any person if that person and casino satisfy the following criteria:

6 A. The casino is located on a parcel of land in Oxford County that is:

7 (1) No less than 50 acres in size; and

8 (2) Located not more than:

9 (a) Thirty miles from a Level I or Level II trauma center verified as such by
10 the American College of Surgeons or successor organization;

11 (b) Fifteen miles from the main office of a county sheriff;

12 (c) Twenty-five miles from the main office of a state police field troop;

13 (d) Thirty miles from an interchange of the interstate highway system;

14 (e) Ten miles from a fire station;

15 (f) Ten miles from a facility at which harness racing was conducted pursuant
16 to a license from the State Harness Racing Commission for the 2009 racing
17 year; and

18 (g) One-half mile from a state highway as defined in Title 23, section 1903,
19 subsection 15.

20 For the purposes of this paragraph, distances are determined by measuring along the
21 most commonly used roadway, as determined by the Department of Transportation;

22 B. The criteria adopted through rulemaking by the board regarding the licensing of
23 the operation of slot machines and table games;

24 C. The operation of a casino is approved by the voters of the municipality in which
25 the casino to be licensed is located in a referendum election or by a vote of the
26 municipal officers in the municipality in which the casino is to be licensed and
27 located held at any time after October 1, 2009 and on or before December 31, 2011;

28 D. The person owns a facility that is within 10 miles of the proposed casino at which
29 harness racing was conducted pursuant to a license from the State Harness Racing
30 Commission for the 2009 racing year; and

31 E. The slot machines and table games are located and operated in the casino.

32 **Sec. 3. 8 MRSA §1011, sub-§3**, as amended by IB 2009, c. 2, §29, is further
33 amended to read:

34 **3. Requirements for license; continued commercial track licensure.** The board
35 may not issue a license to operate a slot machine facility or a casino to any person unless
36 that person demonstrates compliance with the qualifications set forth in sections 1016 and
37 1019. To maintain eligibility for a slot machine operator license or a casino operator
38 license under subsection 2-A issued to a commercial track with slot machines, a licensed

1 commercial track must at all times maintain a license to operate a commercial track,
2 without lapse, suspension or revocation, ~~and a licensed commercial track is not eligible~~
3 ~~for a license to operate table games but may apply for a license to operate slot machines~~
4 ~~as long as the licensed commercial track satisfies the requirements of this chapter.~~

5 **Sec. 4. 8 MRSA §1018, sub-§1, ¶C-1**, as enacted by IB 2009, c. 2, §34, is
6 amended to read:

7 C-1. The initial application fee for a casino operator license is \$225,000, except that
8 the initial application fee for an applicant that is a commercial track that was licensed
9 to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is
10 \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of
11 licensing casino operators and determined by dividing the costs of administering the
12 casino operator licenses by the total number of casino operators licensed by the
13 board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000
14 for the privilege to operate each gaming table for a period of 20 years as long as the
15 casino operator is licensed. Each gaming table is also subject to an annual gaming
16 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to
17 conduct any authorized table game at the gaming table during the 20-year period. A
18 casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not
19 required to pay the gaming table fees until after one calendar year of table game
20 operation. Fees collected in accordance with this paragraph must be deposited to the
21 Gambling Control Board administrative expenses Other Special Revenue Funds
22 account, which is a nonlapsing dedicated account.

23 **Sec. 5. 8 MRSA §1019, sub-§6**, as amended by IB 2009, c. 2, §35, is further
24 amended to read:

25 **6. Proximity of licensed casinos and slot machine facilities.** A casino operator
26 license or slot machine operator license may not be issued under this chapter to operate
27 any casino or slot machine facility located within 100 miles of a licensed casino or slot
28 machine facility. This subsection does not prohibit a commercial track that was licensed
29 to operate slot machines on January 1, 2011 from obtaining a casino operator license for
30 the same facility where slot machines were operated as of January 1, 2011.

31 **Sec. 6. 8 MRSA §1019, sub-§7**, as enacted by IB 2009, c. 2, §36, is amended to
32 read:

33 **7. Referendum and municipal vote.** After January 1, 2011, any proposed casino or
34 slot machine facility may not be issued a license unless it has been approved by a
35 statewide referendum vote and a vote of the municipal officers or municipality in which
36 the casino or slot machine facility is to be located, except that a commercial track
37 licensed to operate slot machines on January 1, 2011 is only required to receive approval
38 to operate a casino by means of a municipal referendum vote as a condition to obtain a
39 casino license.

40 **Sec. 7. 8 MRSA §1036, sub-§1**, as amended by PL 2005, c. 663, §11, is further
41 amended to read:

42 **1. Distribution for administrative expenses of board.** A slot machine operator
43 licensed under section 1011, subsection 2 or a casino operator that is a commercial track

1 that was licensed to operate slot machines under section 1011, subsection 2 on January 1,
2 2011 shall collect and distribute 1% of gross slot machine income to the Treasurer of
3 State for deposit in the General Fund for the administrative expenses of the board.

4 **Sec. 8. 8 MRSA §1036, sub-§2**, as amended by PL 2009, c. 462, Pt. H, §1 and c.
5 622, §2, is further amended to read:

6 **2. Distribution of net slot machine income from casino with commercial track.**
7 A slot machine operator licensed under section 1011, subsection 2 or a casino operator
8 that is a commercial track that was licensed to operate slot machines under section 1011,
9 subsection 2 on January 1, 2011 shall collect and distribute 39% of the net slot machine
10 income from slot machines operated by the slot machine operator to the board for
11 distribution by the board as follows:

12 A. Three percent of the net slot machine income must be deposited to the General
13 Fund for administrative expenses of the board in accordance with rules adopted by
14 the board, except that of the amount calculated pursuant to this paragraph, the
15 following amounts must be transferred annually to the Gambling Addiction
16 Prevention and Treatment Fund established by Title 5, section 20006-B:

- 17 (1) For the fiscal year beginning July 1, 2011, \$50,000;
18 (2) For the fiscal year beginning July 1, 2012, \$50,000; and
19 (3) For the fiscal year beginning July 1, 2013 and for each fiscal year thereafter,
20 \$100,000;

21 B. Ten percent of the net slot machine income must be forwarded by the board to the
22 Treasurer of State, who shall credit the money to the fund established in section 298
23 to supplement harness racing purses;

24 C. Three percent of the net slot machine income must be credited by the board to the
25 Sire Stakes Fund created in section 281;

26 D. Three percent of the net slot machine income must be forwarded by the board to
27 the Treasurer of State, who shall credit the money to the Agricultural Fair Support
28 Fund established in Title 7, section 91;

29 E. Ten percent of the net slot machine income must be forwarded by the board to the
30 State Controller to be credited to the Fund for a Healthy Maine established by Title
31 22, section 1511 and segregated into a separate account under Title 22, section 1511,
32 subsection 11, with the use of funds in the account restricted to the purposes
33 described in Title 22, section 1511, subsection 6, paragraph E. For the fiscal years
34 ending June 30, 2010, June 30, 2011 and June 30, 2012, the amount credited annually
35 by the State Controller to the Fund for a Healthy Maine under this paragraph may not
36 exceed \$4,500,000 annually and any funds in excess of \$4,500,000 annually during
37 these fiscal years must be credited as General Fund undedicated revenue;

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

40 G. One percent of the net slot machine income must be forwarded by the board to the
41 board of trustees of the Maine Community College System to be applied by the board

1 of trustees to fund its scholarships program under Title 20-A, section 12716,
2 subsection 1;

3 H. Four 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 Encourage Racing at
5 Maine's Commercial Tracks, established in section 299; however, the payment
6 required by this paragraph is terminated when all commercial tracks have obtained a
7 license to operate slot machines in accordance with this chapter;

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

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

19 **Sec. 9. 8 MRSA §1036, sub-§2-B**, as enacted by IB 2009, c. 2, §46, is amended
20 to read:

21 **2-B. Distribution from casino of table game income.** A casino operator licensed
22 in accordance with section 1011, subsection 2-A, paragraph A shall collect and distribute
23 16% of the net table game income from table games operated by the casino operator to
24 the board for distribution by the board as follows:

25 A. Ten percent of the net table game income must be forwarded directly by the board
26 to the Treasurer of State, who shall credit the money to the Department of Education,
27 to be used to supplement and not to supplant funding for essential programs and
28 services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

29 B. Three percent of the net table game income must be deposited to the General
30 Fund for administrative expenses of the board, including gambling addiction
31 counseling services, in accordance with rules adopted by the board Gambling Control
32 Board administrative expenses Other Special Revenue Funds account, which is a
33 nonlapsing dedicated account;

34 C. Two percent of the net table game income must be forwarded directly to the
35 municipality in which the table games are located; and

36 D. One percent of the net table game income must be forwarded directly to the
37 county in which the table games are located to pay for mitigation of costs resulting
38 from gaming operations.

39 **Sec. 10. 8 MRSA §1036, sub-§2-C** is enacted to read:

40 **2-C. Distribution of table game income from casino with a commercial track.** A
41 casino operator that is a commercial track and was licensed to operate slot machines on
42 January 1, 2011 shall collect and distribute 16% of the net table game income from table

1 games operated by the casino operator to the board for distribution by the board as
2 follows:

3 A. Nine percent of the net table game income must be deposited to the General Fund
4 for administrative expenses of the board, including gambling addiction counseling
5 services, in accordance with rules adopted by the board;

6 B. Three percent of the net table game income must be deposited to the Gambling
7 Control Board administrative expenses Other Special Revenue Funds account, which
8 is a nonlapsing dedicated account;

9 C. Two percent of the net table game income must be forwarded directly to the
10 municipality in which the table games are located; and

11 D. Two percent of net table game income must be deposited into an account held by
12 the board for distribution to charitable nonprofit organizations that were eligible to
13 conduct beano games and games of chance in accordance with Title 17, chapters
14 13-A and 62. The account is nonlapsing and no distributions may be made from the
15 account before July 1, 2013.

16 **Sec. 11. Legislation defining eligibility of charitable nonprofit**
17 **organizations to receive funds.** The Joint Standing Committee on Veterans and
18 Legal Affairs shall report out legislation to the Second Regular Session of the 125th
19 Legislature defining the eligibility of charitable nonprofit organizations to receive funds
20 from the account held by the Department of Public Safety, Gambling Control Board
21 pursuant to the Maine Revised Statutes, Title 8, section 1036, subsection 2-C, paragraph
22 D for the purposes of mitigating the reduction of charitable donations from revenues from
23 gaming conducted in accordance with Title 17, chapters 13-A and 62 due to the
24 expansion of gaming conducted under Title 8, chapter 31.

25 **Emergency clause.** In view of the emergency cited in the preamble, this
26 legislation takes effect when approved.'

27 **SUMMARY**

28 This amendment replaces the bill. The amendment provides that the Department of
29 Public Safety, Gambling Control Board may issue a casino operator license to a
30 commercial track that was licensed to operate slot machines on January 1, 2011. It
31 provides that the initial application fee for this type of casino is \$25,000. The amendment
32 establishes a privilege fee for the operation of table games. The distribution of slot
33 machine revenue at a commercial track licensed to operate a casino under this
34 amendment would be the same as when the commercial track was licensed simply as a
35 slot machine facility. The fee for each table is \$100,000 for a 20-year privilege with a
36 \$1,000 annual renewal fee. A casino operated in Oxford County would be permitted to
37 operate table games for one calendar year before being subject to the table game fee. The
38 amendment establishes a separate structure for the distribution of revenue for table games
39 operated at a casino that is a commercial track that distributes 16% of net table game
40 revenue, 9% to the General Fund, 3% to a dedicated administrative expenses account for
41 the Gambling Control Board, 2% to the host municipality and 2% to a fund to benefit
42 charitable nonprofit organizations whose gaming revenue has been negatively affected by
43 slot machine and table game operation. Table game fees and the 3% of net table game

COMMITTEE AMENDMENT "A" to H.P. 1044, L.D. 1418

1 revenue at the Oxford County Casino, which under current law goes to the General Fund,
2 goes to the dedicated Gambling Control Board account under this amendment. This
3 amendment also adds an emergency preamble and clause to the bill.

4
5

FISCAL NOTE REQUIRED

(See attached)



125th MAINE LEGISLATURE

LD 1418

LR 1267(02)

An Act To Allow Table Games at a Facility Licensed To Operate Slot Machines on January 1, 2011

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium cost increase - General Fund
 Contingent current biennium cost increase - Other Special Revenue Funds
 Contingent current biennium revenue increase - General Fund
 Contingent current biennium revenue increase - Other Special Revenue Funds

Fiscal Detail and Notes

The impact of this bill is contingent on a municipal referendum vote. The bill proposes to authorize a commercial track that was licensed to operate a slot machine facility on January 1, 2011 to obtain a casino operator license. It also imposes a tax on this operator's table games of 16% of net table game income and imposes an initial gaming table fee of \$100,000 per table with a renewal fee of \$1,000 per table. Presented below is an estimate of the potential annual revenues.

This estimate assumes one facility, the existing facility in Bangor, would qualify. It assumes 14 table games and assumes an 8% increase in slot revenue from increased visitation to the facility. This analysis assumes no significant effect on revenue generated by the casino facility pending licensure in Oxford. If there is an appreciable reduction in casino revenue, there will be a reduction in the amounts distributed from that facility. The net impact on the state funds and the distributions to various funds and purposes cannot be estimated at this time.

The total estimated annual increase in General Fund revenue is \$1,352,539, which includes \$1,432,539 from gaming activities and a loss of \$80,000 from the Oxford casino operator license now deposited into a dedicated account within the Department of Public Safety, Gambling Control Board. The estimated annual increase in Other Special Revenue Funds revenue is \$1,911,871 which includes \$174,000 in casino operator and table game license fees now deposited into a dedicated account. Annual state costs associated with Inspectors and State Police Detectives are estimated to be \$589,726. The timing of these impacts will depend on the timing of the local vote and the amount of time needed for establishing table games.

CA(H-522)

	Annual Estimate
State Share Net Table Game Income (16%)	\$849,920
State Share of Additional Net and Gross Slot Income	\$2,320,491

State Revenues by Fund

General Fund

From Gaming	\$1,432,539
From Annual License Fees ¹	(\$80,000)
Total General Fund Revenue	\$1,352,539

Other Special Revenue Funds

Department of Public Safety, Gambling Control Board ¹	\$572,940
University of Maine Scholarship Fund	\$90,116
Maine Community College System - Scholarship Funds	\$45,058
Resident Municipalities	\$151,298
Purse Supplements	\$450,581
Sire Stakes Fund	\$135,174
Fund to Encourage Racing at Commercial Tracks	\$180,232
Fund to Stabilize Off-Track Betting	\$45,058
Agricultural Fair Support Fund	\$135,174
Non-profits conducting beano and games of chance	\$106,240
Total Other Special Revenue Funds Revenue	<u>\$1,911,871</u>

Total Revenue All Funds	<u><u>\$3,264,410</u></u>
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Summary of Expenditure Impacts to the State

General Fund

- Public Safety	<u><u>\$589,726</u></u>
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¹ Under this legislation the initial and renewal casino operator license at Oxford are deposited in a dedicated account.