

MAINE STATE LEGISLATURE

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2/26/14
R O F S

L.D. 31

Report A

Date: 2/26/14

(Filing No. S- 399)

VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE

SENATE

126TH LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 20, L.D. 31, Bill, "An Act To Increase Gaming Opportunities for Charitable Fraternal and Veterans' Organizations"

Amend the bill by striking out the title and substituting the following:

'An Act To Increase Gaming Opportunities for Veterans' Organizations'

Amend the bill by striking out all of sections 1 and 2 and inserting the following:

'Sec. 1. 5 MRSA §20006-B, sub-§1, as amended by PL 2011, c. 657, Pt. AA, §24, is further amended to read:

1. Fund established. The Gambling Addiction Prevention and Treatment Fund, referred to in this section as "the fund," is established for the purpose of supporting gambling addiction analysis, prevention and treatment to be administered by the department. The fund is a dedicated, nonlapsing fund into which payments are received in accordance with Title 8, section 1036, ~~subsection~~ subsections 2 and 2-D.

Sec. 2. 8 MRSA §1001, sub-§13-B is enacted to read:

13-B. Eligible organization. "Eligible organization" means a charitable nonprofit organization that:

A. Is a veterans' organization exempt from taxation under the United States Internal Revenue Code of 1986, Section 501(c)(19);

B. As of October 1, 2013 has been conducting gaming under Title 17, chapter 13-A or 62 for at least 2 consecutive years; and

C. Has owned or leased for a minimum of 2 consecutive years the premises that serve as the primary location of the organization's administrative operations, which are located in a municipality in which the voters have approved in a referendum election the operation of slot machines by a charitable nonprofit organization.'

Amend the bill in section 3 in subsection 2-C in the 2nd line (page 1, line 20 in L.D.) by striking out the following: "2014" and inserting the following: '2015'

COMMITTEE AMENDMENT

ROFS

COMMITTEE AMENDMENT "A" to S.P. 20, L.D. 31

1 Amend the bill in section 3 in subsection 2-C in paragraph A in the 2nd line (page 1,
2 line 23 in L.D.) by inserting after the following: "nonprofit" the following: 'veterans'

3 Amend the bill in section 3 in subsection 2-C in paragraph A in the 3rd line (page 1,
4 line 24 in L.D.) by striking out the following: "\$5,000" and inserting the following:
5 '\$2,500'

6 Amend the bill in section 3 in subsection 2-C in paragraph A in subparagraph (2) in
7 the last line (page 1, line 33 in L.D.) by inserting after the following: "nonprofit" the
8 following: 'veterans'

9 Amend the bill in section 3 in subsection 2-C in paragraph A in subparagraph (3) in
10 the first line (page 1, line 34 in L.D.) by striking out the following: "\$2,000" and inserting
11 the following: '\$1,000'

12 Amend the bill in section 3 in subsection 2-C in paragraph D in the first line (page 2,
13 line 15 in L.D.) by striking out the following: "2014" and inserting the following: '2015'

14 Amend the bill in section 3 in subsection 2-C in paragraph D in the 3rd line (page 2,
15 line 17 in L.D.) by striking out the following: "\$250" and inserting the following: '\$125'

16 Amend the bill in section 3 in subsection 2-C in paragraph D in the last line (page 2,
17 line 28 in L.D.) by striking out the following: "2014" and inserting the following: '2015'

18 Amend the bill by striking out all of sections 5 and 6 and inserting the following:

19 '**Sec. 5. 8 MRSA §1016, sub-§1, ¶D**, as amended by PL 2013, c. 212, §15, is
20 further amended to read:

21 D. In the case of a person who is not an eligible organization applying to be a slot
22 machine operator or casino operator, the person has sufficient knowledge and
23 experience in the business of operating slot machines or casinos to effectively operate
24 the slot machine facilities or casino to which the license application relates in
25 accordance with this chapter and the rules and standards adopted under this chapter;
26 and

27 '**Sec. 6. 8 MRSA §1016, sub-§3**, as amended by PL 2013, c. 212, §21, is further
28 amended to read:

29 **3. Applicant other than individual.** If the person, other than an eligible
30 organization, required to meet the qualifications and suitability requirements specified in
31 subsections 1, 1-A and 2 is a business organization, the key executives, directors, officers,
32 partners, shareholders, creditors, owners and associates of the person must meet the
33 suitability requirements specified in subsection 2. For an eligible organization required to
34 meet the qualifications and suitability requirements specified in subsections 1, 1-A and 2,
35 at least 2 officers of the governing board of the eligible organization, of whom one is the
36 treasurer, must meet the suitability requirements specified in subsection 2.'

37 Amend the bill in section 8 in subsection 1 in paragraph C-2 in the last line (page 4,
38 line 21 in L.D.) by striking out the following: "\$1,000. The annual renewal fee is \$350"
39 and inserting the following: '\$500. The annual renewal fee is \$175'

40 Amend the bill by striking out all of section 12 and inserting the following:

ROFS

1 'Sec. 12. 8 MRSA §1020, sub-§2, ¶G, as amended by PL 2013, c. 212, §24, is
2 further amended to read:

3 G. Must have a minimum average daily aggregate payback percentage of 89%
4 computed for all slot machines operated at each slot machine facility or casino on a
5 quarterly basis. A slot machine operated by an eligible organization must have a
6 minimum average daily aggregate payback percentage of 80% computed for all slot
7 machines operated on the premises of each eligible organization on a quarterly basis;
8 and'

9 Amend the bill in section 13 in subsection 3 in paragraph A in the last line (page 6,
10 line 3 in L.D.) by striking out the following: "3,250" and inserting the following: '3,150'

11 Amend the bill in section 13 in subsection 3 in paragraph C in the last line (page 6,
12 line 8 in L.D.) by striking out the following: "5" and inserting the following: '3'

13 Amend the bill in section 13 in subsection 3 by striking out all of paragraph D (page
14 6, lines 9 to 12 in L.D.) and inserting the following:

15 'D. Until January 1, 2016, the total number of slot machines operated by all eligible
16 organizations licensed in accordance with this chapter may not exceed 80. Beginning
17 January 1, 2016, the total number of slot machines operated by all eligible
18 organizations licensed in accordance with this chapter may not exceed 150.'

19 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
20 section number to read consecutively.

21 **SUMMARY**

22 This amendment, which is the majority report of the committee, amends the bill to
23 provide that charitable fraternal organizations are not included in the definition of
24 "eligible organization." The amendment provides that an eligible organization, which
25 under the amendment is a veterans' organization, may apply to the Department of Public
26 Safety, Gambling Control Board to operate up to 3 slot machines at the organization's
27 premises, instead of 5 as proposed in the bill. The total number of slot machines available
28 to be operated by all licensed eligible organizations is reduced from 250 to 150 under this
29 amendment. The amendment also reduces the initial license fee from \$1,000 to \$500 and
30 the annual renewal fee from \$350 to \$175. The amendment also reduces the
31 administrative deposit required with the application from \$5,000 to \$2,500 and the
32 amount required to be held in segregated accounts per machine from \$2,000 to \$1,000. It
33 also provides that the Gambling Control Board may start accepting applications on
34 January 1, 2015, rather than January 1, 2014 as provided in the bill. The amendment also
35 includes technical changes to the bill to reflect changes made by Public Law 2013,
36 chapter 212.

37 **FISCAL NOTE REQUIRED**

38 (See attached)

COMMITTEE AMENDMENT



126th MAINE LEGISLATURE

LD 31

LR 47(02)

An Act To Increase Gaming Opportunities for Charitable Fraternal and Veterans' Organizations

Fiscal Note for Bill as Amended by Committee Amendment 'A' (S-399)
 Committee: Veterans and Legal Affairs
 Fiscal Note Required: Yes

Fiscal Note

Contingent future biennium cost increase - General Fund
 Contingent future 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

This legislation allows the Gambling Control Board to accept applications for slot machine operator licenses, beginning January 1, 2015, from veterans' organizations. Documentation of approval of the voters of the municipality must be submitted with the application. The Board may license up to 50 slot machines during the first year, with 150 total slot machines allowed.

Presented below is an estimate of the potential revenues that may be generated from new slot machine facilities and the subsequent distribution of those revenues. This fiscal note assumes 50 veterans' organizations would be licensed with a total of 150 slot machines, generating annual revenue of \$48,298 for the State's General Fund and \$156,568 for various other funds. The Gambling Control Board, Other Special Revenue Funds account would also receive license fees of \$30,000 in the first year and \$23,750 for license renewals in subsequent years. Annual state costs associated with an inspector, an auditor and other related expenses are estimated to be \$171,523.

	Annual Estimate
Summary of Slot Machine Facility Revenue	
Gross Slot Income (total value of money, tokens, credits, other value used to play a slot machine)	\$3,354,000
Player Payback - Slot Income	\$2,750,280
Net Slot Income	\$603,720
Share of Net Income for Distribution - 30%	\$181,116
Operator Share of Net Income - 70%	\$422,604

	Annual Estimate
State Revenues by Fund	
General Fund - Slot Machines	<u>\$48,298</u>
Total General Fund Revenue	\$48,298

Gambling Control Board - Slot Machines	\$60,372
Gambling Control Board - License Fees (\$30,000 the 1st year)	<u>\$23,750</u>
Subtotal	\$84,122
Gambling Addiction Prevention and Treatment Fund	\$12,074
Municipalities	<u>\$60,372</u>
Total Other Special Revenue Funds Revenue	<u>\$156,568</u>
Total Revenue All Funds	<u>\$204,866</u>
Summary of Expenditure Impacts to the State	
General Fund	
- Public Safety	\$87,401
Other Special Revenue Funds	
- Public Safety	<u>\$84,122</u>
Total Expenditures	<u>\$171,523</u>