

# MAINE STATE LEGISLATURE

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1 Report C

L.D. 31

2 Date: 2/26/14

(Filing No. S- 400)

3 VETERANS AND LEGAL AFFAIRS

4 Reproduced and distributed under the direction of the Secretary of the Senate.

5 STATE OF MAINE

6 SENATE

7 126TH LEGISLATURE

8 SECOND REGULAR SESSION

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

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

12 'An Act To Increase Gaming Opportunities for Off-track Betting Facilities,  
13 Charitable Nonprofit Organizations and Veterans' Organizations'

14 Amend the bill by inserting after the enacting clause the following:

15 'Sec. 1. 5 MRSA §20006-B, sub-§1, as amended by PL 2011, c. 657, Pt. AA,  
16 §24, is further amended to read:

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

22 Amend the bill by striking out all of sections 2 and 3 and inserting the following:

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

24 **13-B. Eligible organization.** "Eligible organization" means an organization that:

25 A. Is a charitable nonprofit organization that, as of October 1, 2013, has been  
26 conducting gaming under Title 17, chapter 13-A or 62 for at least 2 consecutive years  
27 and has owned or leased for a minimum of 2 consecutive years the premises that  
28 serve as the primary location of the organization's administrative operations, which  
29 are located in a municipality in which the voters have approved in a referendum  
30 election the operation of slot machines by a charitable nonprofit organization; or

31 B. Is an off-track betting facility licensed under section 275-D and was in operation  
32 as of January 1, 2013.

33 Sec. 3. 8 MRSA §1011, sub-§2-C is enacted to read:

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2-C. Organizations eligible for slot machine operator license. Beginning January 1, 2015, the board may accept an application for a license to operate slot machines from an eligible organization. The application process is governed by this subsection.

A. The eligible organization shall submit an application demonstrating that it is a licensed off-track betting facility or charitable nonprofit organization eligible for a license to operate slot machines. A refundable administrative deposit of \$5,000 must accompany the application. The eligible organization must:

(1) If the eligible organization is a charitable nonprofit organization, demonstrate that a majority of the revenue, after deductions for reasonable expenses, generated from gaming conducted under Title 17, chapter 13-A or 62 has been used for the charitable purpose of the eligible organization;

(2) If the eligible organization is a charitable nonprofit organization, demonstrate that the premises on which the slot machines will be operated have been owned or leased for at least 2 consecutive years and serve as the primary location of the organization's administrative operations and 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;

(3) Demonstrate that it has at least \$2,000 in cash reserved in a segregated account for each slot machine the eligible organization intends to operate if issued a license; and

(4) Meet other criteria established by the board pursuant to rule regarding the licensing and operation of slot machines, including, but not limited to, a requirement that the eligible organization identify and submit to the board a list of the charitable purposes for which the revenue from the operation of the slot machines will be used if the operator is a charitable nonprofit organization.

B. The board may not issue a license to an eligible organization unless that eligible organization demonstrates compliance with the qualifications and requirements of sections 1016 and 1019 and demonstrates that there is no other electronic video machine or similar machine, as defined by Title 17, section 1831, on the premises where the slot machines will be operated. As used in this paragraph, "electronic video machine or similar machine" does not include a machine that dispenses preprinted lucky seven or similar sealed tickets that the eligible organization is licensed to sell under Title 17, chapter 62.

C. If at any time the number of applications received by the board exceeds the number of slot machine licenses that may be granted pursuant to section 1020, subsection 3, paragraph E, the board may use a lottery system, as developed by rule, to determine the order in which the applications will be considered.

D. Prior to January 1, 2015, an eligible organization that seeks to obtain a license to operate slot machines may file a declaration of intent with the board, accompanied by a \$250 fee. The declaration of intent must include the following:

(1) The name and address of the eligible organization and, for a charitable nonprofit organization, the name of the organization's treasurer and at least one

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- 1                   official on the governing board of the eligible organization who will submit the
- 2                   application to the board;
- 3                   (2) The deed, rental agreement or lease agreement for the premises where the
- 4                   eligible organization intends to operate the slot machine;
- 5                   (3) State and federal tax returns of the eligible organization for the immediately
- 6                   prior 2 calendar years; and
- 7                   (4) For a charitable nonprofit organization, copies of disposition of funds reports
- 8                   from the operation of games of chance or beano conducted by the eligible
- 9                   organization for the immediately prior 2 calendar years.

10                   This paragraph is repealed January 1, 2015.'

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

12                   '**Sec. 5. 8 MRSA §1016, sub-§1, ¶D**, as amended by PL 2013, c. 212, §15, is

13 further amended to read:

14                   D. In the case of a person who is not an eligible organization that is a charitable

15 nonprofit organization applying to be a slot machine operator or casino operator, the

16 person has sufficient knowledge and experience in the business of operating slot

17 machines or casinos to effectively operate the slot machine facilities or casino to

18 which the license application relates in accordance with this chapter and the rules and

19 standards adopted under this chapter; and

20                   **Sec. 6. 8 MRSA §1016, sub-§3**, as amended by PL 2013, c. 212, §21, is further

21 amended to read:

22                   **3. Applicant other than individual.** If the person, other than an eligible

23 organization that is a charitable nonprofit organization, required to meet the qualifications

24 and suitability requirements specified in subsections 1, 1-A and 2 is a business

25 organization, the key executives, directors, officers, partners, shareholders, creditors,

26 owners and associates of the person must meet the suitability requirements specified in

27 subsection 2. For an eligible organization that is a charitable nonprofit organization

28 required to meet the qualifications and suitability requirements specified in subsections 1,

29 1-A and 2, at least 2 officers of the governing board of the eligible organization, of whom

30 one is the treasurer, must meet the suitability requirements specified in subsection 2.'

31                   Amend the bill in section 7 in subsection 1-A in the 3rd line (page 3, line 20 in L.D.)

32 by inserting after the following: "organization" the following: 'that is a charitable

33 nonprofit organization'

34                   Amend the bill in section 11 in subsection 9 in the 5th line (page 5, line 24 in L.D.)

35 by striking out the following: "subsection 2-D" and inserting the following: 'subsections

36 2-D and 2-E'

37                   Amend the bill in section 11 in subsection 9 in the last line (page 5, line 26 in L.D.)

38 by striking out the following: "subsection 2-D" and inserting the following: 'subsections

39 2-D and 2-E'

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

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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 by striking out all of paragraphs C and D  
10 (page 6, lines 7 to 12 in L.D.) and inserting the following:

11 'C. An eligible organization that is an off-track betting facility may operate up to 50  
12 slot machines;

13 D. An eligible organization that is a charitable nonprofit organization licensed in  
14 accordance with this chapter may not operate more than 5 slot machines on the  
15 licensed premises of that eligible organization; and

16 E. Until January 1, 2015, the total number of slot machines operated by all eligible  
17 organizations licensed in accordance with this chapter may not exceed 100.  
18 Beginning January 1, 2015, the total number of slot machines operated by all eligible  
19 organizations licensed in accordance with this chapter may not exceed 250.'

20 Amend the bill in section 14 in §1031-A in subsection 2 in the first line (page 6, line  
21 20 in L.D.) by striking out the following: "When" and inserting the following: 'Except for  
22 slot machines operated by an off-track betting facility, when'

23 Amend the bill in section 16 in subsection 2-D in the first line in the headnote (page  
24 7, line 4 in L.D.) by striking out the following: "eligible" and inserting the following:  
25 'charitable nonprofit'

26 Amend the bill in section 16 in subsection 2-D in the 2nd line (page 7, line 5 in L.D.)  
27 by inserting after the following: "organization" the following: 'that is a charitable  
28 nonprofit organization'

29 Amend the bill by adding after section 16 the following:

30 'Sec. 17. 8 MRSA §1036, sub-§2-E is enacted to read:

31 2-E. Distribution of slot machine income from off-track betting facilities. An  
32 eligible organization that is an off-track betting facility shall collect and distribute 45% of  
33 net slot machine income from slot machines operated by the eligible organization to the  
34 board for distribution by the board as follows:

35 A. One percent of the net slot machine income must be deposited to the Gambling  
36 Control Board administrative expenses Other Special Revenue Funds account, which  
37 is a nonlapsing dedicated account;

38 B. Five percent of the net slot machine income must be deposited to the General  
39 Fund;

40 C. One percent of the net slot machine income must be credited to the Gambling  
41 Addiction Prevention and Treatment Fund established by Title 5, section 20006-B;





# 126th MAINE LEGISLATURE

LD 31

LR 47(03)

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

Fiscal Note for Bill as Amended by Committee Amendment 'B' (S-400)

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 charitable nonprofit organizations and off-track betting facilities. Documentation of approval of the voters of the municipality must be submitted with the application. The Board may license up to 100 slot machines during the first year, with 250 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 and 1 off-track betting facility would be licensed with a total of 250 slot machines, generating annual revenue of \$91,541 for the State's General Fund and \$490,337 for various other funds. The Gambling Control Board, Other Special Revenue Funds account would also receive license fees of \$61,000 in the first year and \$42,850 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)	\$7,662,000
Player Payback - Slot Income	\$6,282,840
Net Slot Income	\$1,379,160
Share of Net Income for Distribution	\$413,748
- 30% charitable organizations	\$225,828
- 45% off track betting facilities	\$281,880
Operator Share of Net Income	\$965,412
- 70% charitable organizations	\$526,932
- 55% off-track betting facilities	\$344,520

	Annual Estimate
State Revenues by Fund	
General Fund - Slot Machines	<u>\$91,541</u>
Total General Fund Revenue	\$91,541
Gambling Control Board - Slot Machines	\$81,540
Gambling Control Board - License Fees (\$61,000 the 1st year)	<u>\$42,850</u>
Subtotal	\$124,390
Gambling Addiction Prevention and Treatment Fund	\$21,319
Municipalities	\$137,916
Coordinated Veterans' Assistance Fund	<u>\$206,712</u>
Total Other Special Revenue Funds Revenue	<u>\$490,337</u>
Total Revenue All Funds	<u>\$581,878</u>
Summary of Expenditure Impacts to the State	
General Fund	
- Public Safety	\$124,390
Other Special Revenue Funds	
- Public Safety	<u>\$47,133</u>
Total Expenditures	<u>\$171,523</u>