

# MAINE STATE LEGISLATURE

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Report A

Date: 6/22/15

L.D. 1280

(Filing No. H-491)

Report A

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**VETERANS AND LEGAL AFFAIRS**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
127TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 876, L.D. 1280, Bill, "An Act To Provide Income Tax Relief by Expanding Gaming Opportunities"

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

**'An Act To Establish a Competitive Bidding Process for the Operation of a Resort-style Casino in Southern Maine'**

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

**Sec. 1. 5 MRSA §12004-G, sub-§32-A is enacted to read:**

**32-A.**

<u>Sport and</u>	<u>Casino Development</u>	<u>Legislative Per</u>	<u>8 MRSA §1005-A</u>
<u>Entertainment</u>	<u>Commission</u>	<u>Diem and Expenses</u>	

**Sec. 2. 8 MRSA §1001, sub-§6-A is enacted to read:**

**6-A. Commission.** "Commission" means the Casino Development Commission created under section 1005-A.

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

B. Hear and decide all license and registration applications under this chapter ~~and issues affecting the granting, suspension, revocation or renewal of licenses and registrations, including but not limited to applications received by the board from a person awarded the privilege by the commission to submit an application to operate a casino;~~

**Sec. 4. 8 MRSA §1003, sub-§2, ¶B-1** is enacted to read:

**B-1.** Hear and decide issues affecting the granting, suspension, revocation or renewal of licenses and registrations;

**COMMITTEE AMENDMENT**

1           **Sec. 5. 8 MRSA §1005-A** is enacted to read:

2           **§1005-A. Casino Development Commission**

3           **1. Establishment.** The Casino Development Commission, established in Title 5,  
 4 section 12004-G, subsection 32-A, shall carry out the functions specified in this chapter  
 5 with regard to awarding the privilege to apply for a casino or slot machine operator  
 6 license through a competitive bid process and establishing a contract with the winning  
 7 bidder upon issuance of a casino operator license by the board. The commission is  
 8 affiliated with the board as specified in this chapter.

9           **2. Members.** The commission consists of 5 members appointed by the Governor.  
 10 All members must be members of the general public without affiliation to the gaming or  
 11 hospitality industry. At least 3 of the commission members must have training or  
 12 experience in at least one of the following fields: corporate finance, economics, law,  
 13 economic development or accounting. A municipal employee, county employee, elected  
 14 official or candidate for elective office may not serve as a commission member.

15           **3. Term of office.** Members of the commission serve 3-year terms, except that the  
 16 Governor shall initially appoint one member for a term of one year, 2 members for a term  
 17 of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for  
 18 the remainder of the unexpired term of that member. Members whose terms expire serve  
 19 until their successors are appointed and confirmed. Members may serve no more than 2  
 20 full consecutive terms on the commission.

21           **4. Confirmation.** Appointees to the commission must be reviewed by the joint  
 22 standing committee of the Legislature having jurisdiction over gambling matters and are  
 23 subject to confirmation by the Senate.

24           **5. Chair.** The commission members shall elect one member to serve as chair for at  
 25 least a 2-year term.

26           **6. Quorum.** An action of the commission is not binding unless taken at a meeting at  
 27 which at least 3 of the 5 members are present.

28           **7. Conflict of interest.** In addition to the restrictions imposed pursuant to Title 5,  
 29 section 18, a commission member may not participate in any matter before the  
 30 commission in which the commission member has a personal bias or any other conflict of  
 31 interest as the commission determines, either on the commission's own motion or in  
 32 response to a written complaint. During a commission member's term of service and for 5  
 33 years after the end of that commission member's service, any person with a direct and  
 34 substantial interest in a gambling activity or gambling facility, including accommodations  
 35 and amenities associated with a gambling facility, may not employ or be represented by  
 36 the commission member or a member of the commission member's immediate family.  
 37 For the purposes of this subsection, "direct and substantial" means ownership or control  
 38 of more than 10% of the voting securities of a gambling facility, of an associated  
 39 accommodation or associated amenity of a gambling facility or of an entity in contract,  
 40 consort or cooperation with a gambling facility key executive.

41           **Sec. 6. 8 MRSA §1011, sub-§2-B**, as enacted by PL 2011, c. 699, §1, is repealed.

42           **Sec. 7. 8 MRSA §1011, sub-§2-C** is enacted to read:

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2-C. Persons eligible for casino operator license on or after January 1, 2015. Beginning January 1, 2015, the board may not accept an application for an initial license to operate a casino, slot machine facility or any other gambling facility for which the board has licensing authority, unless that application is submitted by a successful bidder for the privilege to submit an application to the board chosen pursuant to section 1011-B and the applicant has received approval by the voters of the municipality where the casino will be located.

**Sec. 8. 8 MRSA §1011-A** is enacted to read:

**§1011-A. County referendum**

This section applies to referendum requirements for counties in which the commission is authorized to receive bids for the privilege to submit an application for a casino operator license to the board.

1. Secretary of State to prepare ballots and returns. Notwithstanding any law to the contrary, upon notification by the county commissioners of the date of a statewide election no sooner than June 1, 2016 and no later than July 1, 2017 at which a county has determined that the county will hold a referendum asking voters of the county to authorize the operation of a casino subject to a competitive bid process, the Secretary of State shall prepare and furnish to each city, town and plantation in that county ballots and returns for an election to be held no sooner than June 1, 2016 and no later than July 1, 2017. The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Secretary of State shall determine the wording of the question to be submitted to the voters of the county.

2. Referendum impact on competitive bid for privilege to submit casino operator license application. The commission may accept and consider a bid for the privilege to submit an application for a casino operator license to the board from a bidder who proposes to operate a casino in a county where the voters have approved the operation of a casino by referendum held in accordance with this section. The commission may not accept a bid for the privilege to submit an application to the board for a casino operator license in a county where voters rejected the operation of a casino in the county by referendum vote or in a county that did not hold a countywide referendum within the time frame prescribed by this section.

**Sec. 9. 8 MRSA §1011-B** is enacted to read:

**§1011-B. Privilege to submit a casino operator license application for a southern casino pursuant to competitive bidding**

If the voters of either York County or Cumberland County, or both, approve the operation of a resort-style casino pursuant to a referendum held in accordance with section 1011-A, the commission shall develop a request for proposals designed to encourage vigorous bidding for the purpose of awarding one bidder the privilege to submit an application to the board for a casino operator license. The commission shall request bids for the privilege to submit an application to the board for one resort-style casino in either York County or Cumberland County, except that bids may not be requested for a proposal in a county in which the voters rejected the operation of a casino.

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1 A request for proposals must instruct potential bidders to propose the scope of the  
2 gambling facility and amenities to be offered in conjunction with the facility and how the  
3 proposal will ensure that the proposed casino will provide the State with socially  
4 responsible economic growth while operating as a successful business for the operator,  
5 considering license fees, minimum capital investment requirements, regulatory standards  
6 and required rates of revenue distribution. The commission may require submission of  
7 documented expert analysis from a bidder to support the proposals submitted by the  
8 bidder.

9 1. Consideration of bids for privilege to submit casino operator license  
10 application to the board. A bidder seeking award of the privilege to submit an  
11 application to the board for a license to operate a casino in York County or Cumberland  
12 County shall comply with the requirements determined by the commission. The  
13 commission shall require that a proposal for the privilege to submit an application to the  
14 board for the operation of a casino include a nonrefundable application fee of \$250,000  
15 and an agreement to pay the costs of the board for processing an application and  
16 performing background investigations, as described in section 1018, subsection 1, if  
17 awarded the privilege to submit an application to the board for a license to operate a  
18 casino. The commission shall ensure that the request for proposals clearly identifies the  
19 deadline for submission and all bid requirements. The commission shall follow, as nearly  
20 as practicable, the provisions governing competitive bidding prescribed by Title 5,  
21 chapter 155, subchapter 1-A and rules adopted pursuant to that subchapter.

22 2. Request for proposals; factors; southern casino. When considering bids  
23 received in response to a request for proposals prescribed in subsection 1 for a location in  
24 York County or Cumberland County, the commission shall consider the following:

25 A. Business and market factors, including:

26 (1) The bidder's commitment and capacity to make an initial minimum capital  
27 investment of \$250,000,000 for a resort-style casino facility. Land acquisition,  
28 license fees and off-site improvements are not considered to be part of the  
29 minimum capital investment;

30 (2) How the bidder's proposal can be expected to preserve existing jobs in the  
31 State and the number of net new full-time and part-time jobs that can be expected  
32 to be created by the operation of the proposed facility;

33 (3) The extent to which the bidder's market plans suit the character of the region  
34 and the local population in a way that encourages residents of the State to choose  
35 to patronize the bidder's proposed facility as opposed to gambling facilities in  
36 other states;

37 (4) The potential created by the bidder's proposal to create commercial  
38 development opportunities in the host location and surrounding communities  
39 consistent with historic uses, regional character and local zoning and planning  
40 requirements;

41 (5) The potential gross and net income to be generated by the bidder based upon  
42 documented, expert market analysis;

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(6) The extent to which the bidder's proposed facility can reasonably be expected to serve as a significant regional and national tourism destination;

3 (7) How the bidder's proposal will result in the highest potential benefit and the  
4 highest prospective total revenues to the State from a bidder based upon  
5 documented, expert financial analysis;

6 (8) The bidder's proposed capital investment in a gambling facility, proposed  
7 amenities associated with the facility and timing of capital investment  
8 expenditures in terms of ensuring the facility is economically competitive in the  
9 State and regionally; and

10 (9) Other factors, properly disclosed in the commission's request for proposals,  
11 that the commission determines to be relevant;

12 B. Economic development factors, including:

13 (1) The bidder's workforce development plan and the extent to which it will  
14 maximize use of the State's existing labor force and create new jobs in the  
15 marketplace;

16 (2) The impact on economic development, existing and planned, in the region of  
17 the proposed facility;

18 (3) How the proposal would benefit the harness racing industry in the State and  
19 sustain or create jobs associated with the harness racing industry, including  
20 whether the bidder has any plans to support the operation of a commercial track  
21 at the casino facility location that uses a 5/8-mile, all-weather-surface track; and

22 (4) Other factors, properly disclosed in the commission's request for proposals,  
23 that the commission determines to be relevant;

24 C. Site location factors, including:

25 (1) The adequacy of transportation infrastructure surrounding the proposed  
26 location of the gambling facility;

27 (2) The need for additional public infrastructure expenditures at or immediately  
28 surrounding the proposed location of the gambling facility;

29 (3) Any negative impact of the proposed location of the gambling facility on the  
30 municipality in which the facility is to be located, including but not limited to  
31 traffic congestion, worsened road safety conditions and increased safety concerns  
32 for pedestrian traffic;

33 (4) The bidder's proposals for mitigating negative impacts identified under this  
34 paragraph; and

35 (5) Other factors, properly disclosed in the commission's request for proposals,  
36 that the commission determines to be relevant; and

37 D. Factors other than those listed in paragraphs A to C, including:

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- (1) The bidder's plan to identify, address and minimize the potential for and existence of negative consequences associated with gambling and the operation of the bidder's proposed facility, including but not limited to a financial commitment to efforts to address problem gambling prevention, intervention, treatment and research;
  - (2) The effects, both positive and negative, that can be reasonably anticipated to be experienced by the municipality in which the facility is located and the communities in the region; and
  - (3) The likelihood that the bidder will meet the casino operator license requirements described in section 1016.

11 **3. Bid award factor priorities; southern casino.** The commission shall develop a  
12 system of assigning points to the factors required to be considered under subsection 2.  
13 The commission is authorized to hire or enter into a contract with vendors experienced in  
14 evaluating business plans for large-scale development and the impacts of development on  
15 the local and regional economies to assist with the consideration of bids and development  
16 of the point system required by this subsection. The development of a point system must  
17 ensure that factors that support the following are awarded the highest point value:

- 18 A. The overall increase in the number of jobs created in the region that can be  
19 directly or indirectly attributed to the development and operation of the resort-style  
20 casino;
- 21 B. The positive impacts on economic development, existing and planned, from the  
22 development and operation of the resort-style casino in the immediate region and the  
23 potential to positively impact the state economy, including opportunities to pursue  
24 developments that will create ongoing sources of revenue and employment for the  
25 region separate from the resort-style casino;
- 26 C. The maximum potential benefits from the operation of the proposed resort-style  
27 casino on year-round tourism in the region; and
- 28 D. The representation and incorporation by the proposed resort-style casino of the  
29 character of the State generally and, in particular, the character of the surrounding  
30 region consistent with historic uses, local planning and zoning requirements.

31 **4. Notice of award.** Upon award of the privilege to submit an application for a  
32 casino operator license to the board, the commission shall cite how the successful  
33 bidder's proposal supported the priorities described in subsection 3.

34 **5. Contract required; southern casino.** A person who is selected as the winning  
35 bidder for the privilege to submit an application to the board for a casino operator license  
36 shall agree to enter into a contract with the commission that obligates the casino operator  
37 to the proposals made in the bid submitted in accordance with this section. In addition,  
38 the contract must include:

- 39 A. A framework of reasonable financial penalties for failure of the casino operator to  
40 comply with the terms of the contract and the circumstances under which failure to  
41 comply with terms of the contract justifies withholding all net slot machine income  
42 and net table game income until the terms of the contract are satisfied; and

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1 B. Annual reinvestment requirements that direct the casino operator, beginning no  
2 sooner than 5 years after commencing operation of slot machines at the casino, to  
3 either make capital improvements to the casino facility or deposit with the board, in  
4 an account described in section 1018, subsection 2-B, an amount no less than 3% but  
5 no greater than 4% of net slot machine income and net table game income generated  
6 by the casino during the previous year.

7 The commission shall consult with the Office of the Attorney General during the  
8 negotiation and execution of the contract. The contract must be approved by the Attorney  
9 General. The casino operator license issued by the board does not take effect and the  
10 board may not accept the license fee required under section 1018, subsection 1, paragraph  
11 C-2 until the contract is executed.

12 **Sec. 10. 8 MRSA §1018, sub-§1, ¶C**, as enacted by PL 2003, c. 687, Pt. A, §5  
13 and affected by Pt. B, §11, is amended to read:

14 C. The initial application fee for a slot machine operator license is \$200,000. The  
15 annual renewal fee is \$75,000 plus an amount, set by rules of the board, equal to the  
16 cost to the board of licensing slot machine operators and determined by dividing the  
17 costs of administering the slot machine operator licenses by the total number of slot  
18 machine operators licensed by the board. This paragraph applies to slot machine  
19 operator licenses issued before January 1, 2015.

20 **Sec. 11. 8 MRSA §1018, sub-§1, ¶C-1**, as amended by PL 2011, c. 417, §4, is  
21 further amended to read:

22 C-1. The initial application fee for a casino operator license is \$225,000, except that  
23 the initial application fee for an applicant that is a commercial track that was licensed  
24 to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is  
25 \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of  
26 licensing casino operators and determined by dividing the costs of administering the  
27 casino operator licenses by the total number of casino operators licensed by the  
28 board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000  
29 for the privilege to operate each gaming table for a period of 20 years as long as the  
30 casino operator is licensed. Each gaming table is also subject to an annual gaming  
31 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to  
32 conduct any authorized table game at the gaming table during the 20-year period. A  
33 casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not  
34 required to pay the gaming table fees until after one calendar year of table game  
35 operation. Fees collected in accordance with this paragraph must be deposited to the  
36 Gambling Control Board administrative expenses Other Special Revenue Funds  
37 account, which is a nonlapsing dedicated account. This paragraph applies to casino  
38 operator licenses issued before January 1, 2015.

39 **Sec. 12. 8 MRSA §1018, sub-§1, ¶¶C-2 and C-3** are enacted to read:

40 C-2. The fee for a casino operator license for a casino in York County or  
41 Cumberland County, issued in accordance with section 1011-B, is \$25,000,000. The  
42 license fee must be deposited in accordance with section 1018-A, except for  
43 \$5,000,000, which must be deposited to the General Fund and used for the  
44 administrative expenses of the board. The license fee is separate from the



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nonrefundable application fee required pursuant to section 1011-B, subsection 1 and the payment of costs to the board for processing the application and performing background investigations.

C-3. The annual registration fee for a slot machine and a table game operated at a casino licensed on or after January 1, 2015 is \$100.

**Sec. 13. 8 MRSA §1018, sub-§1-A**, as enacted by PL 2011, c. 699, §2, is repealed.

**Sec. 14. 8 MRSA §1018, sub-§2**, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

**2. Term of license issued before January 1, 2015; renewal, renewal fees.** All Except for slot machine operator licenses and casino operator licenses issued on or after January 1, 2015, licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required by subsection 1, paragraph C to the municipality in which the slot machines are operated.

**Sec. 15. 8 MRSA §1018, sub-§§2-A, 2-B and 3-A** are enacted to read:

**2-A. Term of license issued on or after January 1, 2015.** A casino operator license issued by the board pursuant to section 1011, subsection 2-C is effective for 20 years unless revoked or surrendered pursuant to subchapter 5.

**2-B. Annual reinvestment requirements; southern casino.** A casino operator licensed by the board pursuant to section 1011, subsection 2-C operating a casino in York County or Cumberland County may deposit with the board the percentage of net slot machine income and net table game income required as an annual reinvestment pursuant to the contract executed in accordance with section 1011-B, subsection 5. The board shall hold the funds in an interest-bearing, nonlapsing account. The casino operator may request funds from the account for the purpose of making capital investments or improvements to the casino facility. If there are funds in the account and the casino ceases operation for a period of more than 90 days, the funds must be deposited to the General Fund.

**3-A. Licensee other than the original applicant; contract applicable; transfer fee.** If a person initially licensed to operate a casino after January 1, 2015 in York County or Cumberland County surrenders the license or the license is revoked, a subsequent licensee authorized to operate the casino in accordance with this chapter is subject to the terms of the contract required by and executed under section 1011-B, subsection 5. A subsequent licensee is required to submit an application to the board and is subject to the licensing qualifications prescribed under section 1016 and may only operate the casino for the remainder of the 20-year license term applied to the initial licensee. The fee for the transfer of a casino operator license initially issued subsequent to the competitive bid process under section 1011-B is \$500,000, which must be submitted to the board for deposit to the General Fund.

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Sec. 16. 8 MRSA §1018-A is enacted to read:

**§1018-A. Host municipality and county revenue loss mitigation**

The portion of the license fee submitted in accordance with section 1018, subsection 1, paragraph C-2 must be deposited into a nonlapsing, dedicated account to be administered by the board. The purpose of the account is to maintain the level of revenue distributed to host municipalities under section 1011, subsection 4; section 1036, subsection 2, paragraph J; and section 1036, subsection 2-A, paragraph F and to a host county under section 1036, subsection 2-A, paragraph J and property tax revenue received by host municipalities. If a casino initially licensed to operate prior to January 1, 2015 ceases operation within 5 years of the commencement of the operation of slot machines at a casino in York County or Cumberland County, the board shall distribute revenues to the county that received distributions under section 1036, subsection 2-A, paragraph J, if applicable, and the municipality in which the closed casino was operated. The board shall determine the distribution amount by calculating the average annual distribution to the host county or host municipality of the closed casino from the last 5 full calendar years in which distributions were received from casinos initially licensed prior to January 1, 2015 and by factoring in any reduction in the amount of property tax revenues received by the municipality directly related to the cessation of casino operations. The distribution amount determined by the board must be decreased by the amounts distributed from a casino operated in York County or Cumberland County under section 1036, subsection 2-D, paragraphs K, M and N. The board shall determine the distribution amounts within 90 days of the closure of a casino initially licensed prior to January 1, 2015 and begin making distributions to the municipality and county, as applicable, as soon as practicable thereafter. Nothing in this section prohibits distribution to each municipality or county in which a casino initially licensed prior to January 1, 2015 is operated as long as the casino ceases operation within 5 years after the commencement of the operation of slot machines at a casino in York County or Cumberland County. Distributions made to a municipality or county in accordance with this section continue for a period of 5 years after receiving an initial distribution from the board in accordance with this section. If the amount in the account is insufficient to make distributions to the county or municipalities as required by this section, the board may require additional payment from the operator of the casino in York County or Cumberland County to make distributions required by this section. If no casino initially licensed prior to January 1, 2015 ceases operation within 5 years of the commencement of slot machine operation at a casino in York County or Cumberland County or if funds remain in the account after distributions are made in accordance with this section for the 5-year period, the funds must be deposited in the Department of Transportation, Highway and Bridge Capital program, Other Special Revenue Funds account within the Highway Fund as established by Title 23, section 1651 for capital improvement purposes.

Sec. 17. 8 MRSA §1019, sub-§6, as amended by PL 2011, c. 417, §5, is repealed.

Sec. 18. 8 MRSA §1019, sub-§7, as amended by PL 2011, c. 417, §6, is repealed.

Sec. 19. 8 MRSA §1020, sub-§3, as amended by PL 2011, c. 585, §8, is further amended to read:

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1           **3. Limits on total slot machines.** The board shall determine the number of slot  
2 machines to be registered in the State for casinos initially licensed prior to January 1,  
3 2015. The board shall make this determination based upon the minimum net slot  
4 machine income, when distributed pursuant to section 1036, necessary to maintain the  
5 harness horse racing industry in this State, except that:

6           A. Except for slot machines used for training and educational purposes at  
7 postsecondary institutions as provided by section 1011, subsection 1-B, the total  
8 number of slot machines registered in the State for operation at casinos initially  
9 licensed prior to January 1, 2015 may not exceed 3,000; and

10           B. A slot machine operator initially licensed prior to January 1, 2015 may not  
11 operate more than 1,500 slot machines at any one commercial track and a casino  
12 operator initially licensed prior to January 1, 2015 may not operate more than 1,500  
13 slot machines at a casino.

14           **Sec. 20. 8 MRSA §1036, sub-§§2-D and 2-E** are enacted to read:

15           **2-D. Distribution of slot machine income from a casino in York County or**  
16 **Cumberland County.** A casino operator licensed to operate a casino in York County or  
17 Cumberland County pursuant to section 1011-B shall collect and distribute 46% of net  
18 slot machine income to the board for distribution by the board as follows:

19           A. Twenty percent of the net slot machine income must be forwarded by the board to  
20 the Treasurer of State, who shall deposit the income into the Department of  
21 Transportation, Highway and Bridge Capital program, Other Special Revenue Funds  
22 account within the Highway Fund as established by Title 23, section 1651 for capital  
23 improvement purposes;

24           B. Six percent of the net slot machine income must be forwarded by the board to the  
25 Treasurer of State, who shall credit the income to the fund established in section 298  
26 to supplement harness racing purses;

27           C. Six percent of the net slot machine income must be deposited by the board into  
28 the Fund to Reform Veterans Services established by Title 37-B, section 515;

29           D. Two percent of the net slot machine income must be forwarded by the board  
30 directly to the county in which the slot machines are located;

31           E. Two percent of the net slot machine income must be deposited to the General  
32 Fund for administrative expenses of the board in accordance with rules adopted by  
33 the board, except that of the amount calculated pursuant to this paragraph, \$100,000  
34 must be transferred annually to the Gambling Addiction Prevention and Treatment  
35 Fund established by Title 5, section 20006-B;

36           F. One and one-half percent of the net slot machine income must be credited by the  
37 board to the Sire Stakes Fund created in section 281;

38           G. One and one-half percent of the net slot machine income must be forwarded by  
39 the board to the Treasurer of State, who shall credit the income to the Agricultural  
40 Fair Support Fund established in Title 7, section 91;

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H. One percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the income to the Fund to Stabilize Off-track Betting Facilities established by section 300;

I. One percent of the net slot machine income must be forwarded by the board directly to the municipality in which the slot machines are located;

J. One percent of the net slot machine income must be forwarded directly to the municipalities that abut the municipality in which the slot machines are located. The revenues must be paid in equal portions to each abutting municipality;

K. One percent of the net slot machine income must be forwarded by the board directly to Oxford County;

L. One percent of the net slot machine income must be forwarded by the board directly to Penobscot County;

M. One percent of the net slot machine income must be forwarded by the board directly to the City of Bangor; and

N. One percent of the net slot machine income must be forwarded by the board directly to the Town of Oxford.

2-E. Distribution of table game income from a casino in York County or Cumberland County. A casino operator licensed to operate a casino in York County or Cumberland County pursuant to section 1011-B shall collect and distribute 16% of net table game income to the board to be deposited by the board into the Fund to Reform Veterans Services established by Title 37-B, section 515.

**Sec. 21. 37-B MRSA §515 is enacted to read:**

**§515. Fund to Reform Veterans Services**

The Fund to Reform Veterans Services is established to develop a coordinated delivery system of benefits and services to veterans in the State. The fund is a dedicated nonlapsing account. Benefits and services to be coordinated within this system are not limited to those established and administered by the State, but may also include those provided by federal agencies, service-oriented nonprofit organizations and veterans' service organizations. The director shall administer the fund.

**Sec. 22. Director of the Bureau of Maine Veterans' Services to develop plan.** The Director of the Bureau of Maine Veterans' Services, within the Department of Defense, Veterans and Emergency Management, shall develop a comprehensive plan for the coordinated delivery system of benefits and services and submit the plan, including recommended legislation necessary to implement the system, to the joint standing committee of the Legislature having jurisdiction over veterans services no later than January 1, 2017. All deposits into the Fund to Reform Veterans Services established in the Maine Revised Statutes, Title 37-B, section 515, required by Title 8, section 1036, subsection 2-E and by Title 8, section 1036, subsection 2-D, paragraph C must be held in the fund until the Legislature enacts a comprehensive plan for the coordinated delivery of benefits and services to veterans in the State.

ROFS

1           **Sec. 23. Joint standing committee of the Legislature having jurisdiction**  
2 **over veterans services authorized to submit legislation.** The joint standing  
3 committee of the Legislature having jurisdiction over veterans services is authorized to  
4 submit legislation to the First Regular Session of the 128th Legislature to implement the  
5 recommendations of the Director of the Bureau of Maine Veterans' Services within the  
6 Department of Defense, Veterans and Emergency Management with regard to a  
7 comprehensive plan for the coordinated delivery system of benefits and services to  
8 veterans in the State under the Maine Revised Statutes, Title 37-B, section 515.

9           **Sec. 24. Appropriations and allocations.** The following appropriations and  
10 allocations are made.

11 **DEFENSE, VETERANS AND EMERGENCY MANAGEMENT, DEPARTMENT**  
12 **OF**

13 **Veterans Services 0110**

14 Initiative: Establishes the Fund to Reform Veterans Services with a base allocation.

15	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2015-16</b>	<b>2016-17</b>
16	All Other	\$500	\$500
17			
18	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$500</u>	<u>\$500</u>
19			

20 **SUMMARY**

21           This amendment replaces the bill and is the majority report of the committee. The  
22 amendment establishes a competitive bid process for the operation of a resort-style casino  
23 in either York County or Cumberland County. The amendment establishes the Casino  
24 Development Commission, which is an independent board of 5 members appointed by  
25 the Governor and confirmed by the Senate. The commission's purpose is to develop a  
26 request for proposals for the privilege to submit an application to the Gambling Control  
27 Board for a casino operator license. Prior to submitting a request for proposals, either  
28 York County or Cumberland County, or both, would have to hold a referendum vote  
29 asking voters to allow the operation of a casino in their county. The referendum must be  
30 held on the same date as a statewide election no sooner than June 1, 2016 and no later  
31 than July 1, 2017. The fee to submit a bid is \$250,000. The amendment provides for  
32 specific supporting information to be submitted by the bidder and considered by the  
33 commission including the bidder's ability to make a minimum \$250,000,000 capital  
34 investment in the resort-style casino and information regarding job creation, economic  
35 development, plans to mitigate negative infrastructure impacts and the bidder's support of  
36 the harness racing industry. Under the amendment, the commission is directed to develop  
37 a point system for the factors to be considered in evaluating proposals and give priority to  
38 proposals that create jobs, promote economic development, increase tourism and support  
39 a casino that fits the character of the State. The winning bidder must enter into a contract  
40 with the commission that obligates the casino operator to abide by the proposals made in  
41 the winning bid. Failure to abide by the terms of the contract could result in financial  
42 penalties to the casino operator.

1  
2 R O F S

3 The license fee for a casino under the amendment is \$25,000,000, of which  
4 \$5,000,000 is deposited into the General Fund to be used for administrative expenses of  
5 the Gambling Control Board. The remaining \$20,000,000 is deposited into an account to  
6 be used to mitigate the impact of lost revenue on the municipalities and a county in which  
7 casinos are currently located. The Gambling Control Board will distribute money from  
8 the account to the municipalities and county based on distributions the municipalities and  
9 county had been receiving from the casino.

10 If a person initially licensed to operate the casino surrenders the license or the license  
11 is revoked, a subsequent licensee may operate the casino only for the remainder of the  
12 license term and is subject to a \$500,000 transfer fee. A subsequent licensee is subject to  
13 the contract executed when the casino in either York County or Cumberland County was  
14 initially licensed.

15 The amendment sets the distribution of net slot machine revenue at 46% and the  
16 distribution of net table game revenue at 16% for the resort-style casino. The amendment  
17 provides for various recipients of slot machine revenue and requires table game revenue  
18 to be deposited to the Fund to Reform Veterans Services, which is established by the  
19 amendment to facilitate a coordinated delivery system of benefits and services to veterans  
20 in the State.

21 The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

**(See attached)**



# 127th MAINE LEGISLATURE

LD 1280

LR 1572(02)

## An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-491)

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

### Fiscal Note

Contingent current biennium referendum costs - 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

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
<b>Appropriations/Allocations</b>				
Other Special Revenue Funds	\$500	\$500	\$500	\$500

#### Fiscal Detail and Notes

If York and Washington counties choose to hold referendums during the state primary election in June 2016, the Department of Secretary of State would need a General Fund appropriation of \$11,772 for ballot printing costs and postage. If the counties choose to hold referendums during the general election in November 2016, the Department of Secretary of State would need a General Fund appropriation of \$14,464 for ballot printing costs and postage only if the questions require printing a separate ballot.

The bill establishes the Fund to Reform Veterans Services in the Department of Defense, Veterans and Emergency Services with a base Other Special Revenue Funds (OSRF) allocation of \$500 beginning in fiscal year 2015-16 in order to allow the department to spend any monies received.

The bill creates a commission to use a competitive bid process to award the privilege to apply for a casino to a single applicant. Bidders will pay a \$250,000 bidding fee to win the right to be the applicant. The fiscal note assumes this will be credited to the General Fund. The Gambling Control Board will accept an application for a casino license in either York County or Cumberland County from the winning bidder as long as the voters of the county and municipality where the proposed casino will be located have voted to approve a casino. Only one casino, in either York or Cumberland County, may be licensed.

C "A" (H-491)

The facility would be taxed at the rate of 46% of net slot income and 16% of net table game income. The bill requires a casino, beginning no sooner than 5 years after operation of slot machines, to make capital improvements to the casino using 3% to 4% of both net slot machine and net table game income or direct those funds to the Gambling Control Board. This fiscal note assumes that the facility will not direct these funds to the Gambling Control Board. This fiscal note assumes a total of 1,000 slot machines and 24 table games, generating an estimated annual revenue of \$31,709,674 in OSRF revenue and \$1,257,931 in General Fund revenue.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$25,000,000, with \$5,000,000 going to the General Fund and \$20,000,000 going into an OSRF account within the Gambling Control Board. \$102,400 will be generated annually from registration fees of \$100 per slot machine and per table game. The \$20,000,000 will remain in the OSRF account for 5 years and then be transferred to the Department of Transportation, Highway and Bridge Capital Program if Oxford Casino and Hollywood Casino continue to operate and provide revenue to host municipalities and counties. If either ceases to operate, then distribution will be made from the OSRF account to compensate municipalities and counties, with the distributions lasting 5 years. Annual state costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510.

WhiteSand Gaming's market feasibility study on expanded gaming in Maine estimated a 20% reduction in revenue to Oxford Casino if a new southern Maine casino were to be opened. This fiscal note assumes the same 20% reduction, resulting in an estimated annual General Fund revenue loss of \$347,495 and OSRF revenue loss of \$5,410,437. An assessment of the impact on revenues generated by Hollywood Casino has not been done at this time.

	Annual Estimate
Summary of Casino Revenue	
Gross Slot Income (total value of money, tokens, credits and other value used to play slots)	\$659,190,000
Player Payback - Slot Income	\$591,293,430
Net Slot Income	\$67,896,570
Share of Net Slot Income for Distribution - 46%	\$31,232,422
Operator Share of Net Slot Income - 54%	\$36,664,148
Net Table Game Income	\$10,844,880
Share of Net Table Game Income for Distribution - 16%	\$1,735,181
Operator Share of Net Table Game Income - 84%	\$9,109,699
 State Revenues by Fund	
General Fund	\$1,257,931
Loss of General Fund Revenue - Oxford Casino	(\$347,495)
Total General Fund Revenue	\$910,436
Casino Operator License	\$5,000,000 (one-time)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
 Other Special Revenue Funds	
Gambling Control Board - Annual Registration Fees	\$102,400
Department of Transportation Highway and Bridge Capital Program	\$13,579,314
Harness Racing Purses	\$4,073,794
Fund to Reform Veterans Services	\$5,808,975
County Where Casino is Located	\$1,357,931



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	Annual Estimate
Sire Stakes Fund	\$1,018,449
Agricultural Fair Support Fund	\$1,018,449
Fund to Stabilize Off-track Betting	\$678,966
Municipality Where Casino is Located	\$678,966
Municipality or Municipalities Abutting Casino Municipality	\$678,966
Oxford County	\$678,966
Penobscot County	\$678,966
City of Bangor	\$678,966
Town of Oxford	\$678,966
Gambling Addiction Prevention and Treatment Fund	\$100,000
Loss of Other Special Revenue Funds Revenue - Oxford Casino	<u>(\$5,410,437)</u>
Total Other Special Revenue Funds Revenue	\$26,401,637
Casino Operator License	\$20,000,000 (one-time)
Total Revenue All Funds	\$27,312,073
Summary of Expenditure Impacts to the State	
General Fund	
-- Public Safety	\$421,110
Other Special Revenue Funds	
-- Public Safety	<u>\$102,400</u>
Total Expenditures	<u>\$523,510</u>