

MAINE STATE LEGISLATURE

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Date: 6/22/15

Report E

L.D. 1280
(Filing No. H-494)

VETERANS AND LEGAL AFFAIRS

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

COMMITTEE AMENDMENT "D" 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

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

§1005-A. Casino Development Commission

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

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

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

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

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

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

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

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

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

R O F S

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

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

9 **§1011-A. Privilege to submit a casino operator license application for a southern**
10 **casino pursuant to competitive bidding**

11 The commission shall develop a request for proposals designed to encourage
12 vigorous bidding for the purpose of awarding one bidder the privilege to submit an
13 application to the board for a casino operator license. The commission shall request bids
14 for the privilege to submit an application to the board for a resort-style casino in either
15 York County or Cumberland County. A request for proposals must instruct potential
16 bidders to propose the scope of the gambling facility and amenities to be offered in
17 conjunction with the facility and how the proposal will ensure that the proposed casino
18 will provide the State with socially responsible economic growth while operating as a
19 successful business for the operator, considering license fees, minimum capital
20 investment requirements, regulatory standards and required rates of revenue distribution.
21 The commission may require submission of documented expert analysis from a bidder to
22 support the proposals submitted by the bidder.

23 **1. Consideration of bids for privilege to submit casino operator license**
24 **application to the board.** A bidder seeking award of the privilege to submit an
25 application to the board for a license to operate a casino in York County or Cumberland
26 County shall comply with the requirements determined by the commission. The
27 commission shall require that a proposal for the privilege to submit an application to the
28 board for the operation of a casino include a nonrefundable application fee of \$250,000
29 and an agreement to pay the costs of the board for processing an application and
30 performing background investigations, as described in section 1018, subsection 1, if
31 awarded the privilege to submit an application to the board for a license to operate a
32 casino. The commission shall ensure that the request for proposals clearly identifies the
33 deadline for submission and all bid requirements. The commission shall follow, as nearly
34 as practicable, the provisions governing competitive bidding prescribed by Title 5,
35 chapter 155, subchapter 1-A and rules adopted pursuant to that subchapter.

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

39 **A. Business and market factors, including:**

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

- 1 (2) How the bidder's proposal can be expected to preserve existing jobs in the
 2 State and the number of net new full-time and part-time jobs that can be expected
 3 to be created by the operation of the proposed facility;
- 4 (3) The extent to which the bidder's market plans suit the character of the region
 5 and the local population in a way that encourages residents of the State to choose
 6 to patronize the bidder's proposed facility as opposed to gambling facilities in
 7 other states;
- 8 (4) The potential created by the bidder's proposal to create commercial
 9 development opportunities in the host location and surrounding communities
 10 consistent with historic uses, regional character and local zoning and planning
 11 requirements;
- 12 (5) The potential gross and net income to be generated by the bidder based upon
 13 documented, expert market analysis;
- 14 (6) The extent to which the bidder's proposed facility can reasonably be expected
 15 to serve as a significant regional and national tourism destination;
- 16 (7) How the bidder's proposal will result in the highest potential benefit and the
 17 highest prospective total revenues to the State from a bidder based upon
 18 documented, expert financial analysis;
- 19 (8) The bidder's proposed capital investment in a gambling facility, proposed
 20 amenities associated with the facility and timing of capital investment
 21 expenditures in terms of ensuring the facility is economically competitive in the
 22 State and regionally; and
- 23 (9) Other factors, properly disclosed in the commission's request for proposals,
 24 that the commission determines to be relevant;
- 25 B. Economic development factors, including:
- 26 (1) The bidder's workforce development plan and the extent to which it will
 27 maximize use of the State's existing labor force and create new jobs in the
 28 marketplace;
- 29 (2) The impact on economic development, existing and planned, in the region of
 30 the proposed facility; and
- 31 (3) Other factors, properly disclosed in the commission's request for proposals,
 32 that the commission determines to be relevant;
- 33 C. Site location factors, including:
- 34 (1) The adequacy of transportation infrastructure surrounding the proposed
 35 location of the gambling facility;
- 36 (2) The need for additional public infrastructure expenditures at or immediately
 37 surrounding the proposed location of the gambling facility;

- 1 (3) Any negative impact of the proposed location of the gambling facility on the
 2 municipality in which the facility is to be located, including but not limited to
 3 traffic congestion, worsened road safety conditions and increased safety concerns
 4 for pedestrian traffic;
- 5 (4) The bidder's proposals for mitigating negative impacts identified under this
 6 paragraph; and
- 7 (5) Other factors, properly disclosed in the commission's request for proposals,
 8 that the commission determines to be relevant; and
- 9 D. Factors other than those listed in paragraphs A to C, including:
- 10 (1) The bidder's plan to identify, address and minimize the potential for and
 11 existence of negative consequences associated with gambling and the operation
 12 of the bidder's proposed facility, including but not limited to a financial
 13 commitment to efforts to address problem gambling prevention, intervention,
 14 treatment and research;
- 15 (2) The effects, both positive and negative, that can be reasonably anticipated to
 16 be experienced by the municipality in which the facility is located and the
 17 communities in the region; and
- 18 (3) The likelihood that the bidder will meet the casino operator license
 19 requirements described in section 1016.
- 20 **3. Bid award factor priorities; southern casino.** The commission shall develop a
 21 system of assigning points to the factors required to be considered under subsection 2.
 22 The commission is authorized to hire or enter into a contract with vendors experienced in
 23 evaluating business plans for large-scale development and the impacts of development on
 24 the local and regional economies to assist with the consideration of bids and development
 25 of the point system required by this subsection. The development of a point system must
 26 ensure that factors that support the following are awarded the highest point value, with
 27 the criteria listed under paragraphs A and B receiving more points than those listed under
 28 paragraphs C and D:
- 29 A. The overall increase in the number of jobs created in the region that can be
 30 directly or indirectly attributed to the development and operation of the resort-style
 31 casino;
- 32 B. The positive impacts on economic development, existing and planned, from the
 33 development and operation of the resort-style casino in the immediate region and the
 34 potential to positively impact the state economy, including opportunities to pursue
 35 developments that will create ongoing sources of revenue and employment for the
 36 region separate from the resort-style casino;
- 37 C. The maximum potential benefits from the operation of the proposed resort-style
 38 casino on year-round tourism in the region; and
- 39 D. The representation and incorporation by the proposed resort-style casino of the
 40 character of the State generally and, in particular, the character of the surrounding
 41 region consistent with historic uses, local planning and zoning requirements.

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

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

9 A. A framework of reasonable financial penalties for failure of the casino operator to
10 comply with the terms of the contract and the circumstances under which failure to
11 comply with terms of the contract justifies withholding all net slot machine income
12 and net table game income until the terms of the contract are satisfied; and

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

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

24 **Sec. 9. 8 MRSA §1018, sub-§1, ¶C,** as enacted by PL 2003, c. 687, Pt. A, §5 and
25 affected by Pt. B, §11, is amended to read:

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

32 **Sec. 10. 8 MRSA §1018, sub-§1, ¶C-1,** as amended by PL 2011, c. 417, §4, is
33 further amended to read:

34 C-1. The initial application fee for a casino operator license is \$225,000, except that
35 the initial application fee for an applicant that is a commercial track that was licensed
36 to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is
37 \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of
38 licensing casino operators and determined by dividing the costs of administering the
39 casino operator licenses by the total number of casino operators licensed by the
40 board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000
41 for the privilege to operate each gaming table for a period of 20 years as long as the
42 casino operator is licensed. Each gaming table is also subject to an annual gaming
43 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to
44 conduct any authorized table game at the gaming table during the 20-year period. A

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1 casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not
2 required to pay the gaming table fees until after one calendar year of table game
3 operation. Fees collected in accordance with this paragraph must be deposited to the
4 Gambling Control Board administrative expenses Other Special Revenue Funds
5 account, which is a nonlapsing dedicated account. This paragraph applies to casino
6 operator licenses issued before January 1, 2015.

7 **Sec. 11. 8 MRSA §1018, sub-§1, ¶¶C-2, C-3 and C-4** are enacted to read:

8 C-2. The fee for a casino operator license for a casino in York County or
9 Cumberland County, issued in accordance with section 1011-A, is \$50,000,000. The
10 license fee must be deposited in accordance with section 1018-A, except for
11 \$5,000,000, which must be deposited to the Gambling Control Board administrative
12 expenses Other Special Revenue Funds account, and for \$15,000,000, which must be
13 deposited to the General Fund and used for the administrative expenses of the board.
14 The license fee is separate from the nonrefundable application fee required pursuant
15 to section 1011-A, subsection 1 and the payment of costs to the board for processing
16 the application and performing background investigations.

17 C-3. The renewal fee for a casino operator license for a casino in York County or
18 Cumberland County, issued in accordance with section 1011-A, is \$250,000 due 20
19 years after the initial fee required under paragraph C-2.

20 C-4. The annual registration fee for a slot machine and a table game operated at a
21 casino licensed on or after January 1, 2015 is \$100.

22 **Sec. 12. 8 MRSA §1018, sub-§1-A**, as enacted by PL 2011, c. 699, §2, is
23 repealed.

24 **Sec. 13. 8 MRSA §1018, sub-§2**, as enacted by PL 2003, c. 687, Pt. A, §5 and
25 affected by Pt. B, §11, is amended to read:

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

35 **Sec. 14. 8 MRSA §1018, sub-§§2-A, 2-B and 3-A** are enacted to read:

36 **2-A. Term of license issued on or after January 1, 2015.** A casino operator
37 license issued by the board pursuant to section 1011, subsection 2-C is effective for 20
38 years unless revoked or surrendered pursuant to subchapter 5.

39 **2-B. Annual reinvestment requirements; southern casino.** A casino operator
40 licensed by the board pursuant to section 1011, subsection 2-C operating a casino in York
41 County or Cumberland County may deposit with the board the percentage of net slot
42 machine income and net table game income required as an annual reinvestment pursuant

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1 to the contract executed in accordance with section 1011-A, subsection 5. The board
2 shall hold the funds in an interest-bearing, nonlapsing account. The casino operator may
3 request funds from the account for the purpose of making capital investments or
4 improvements to the casino facility. If there are funds in the account and the casino
5 ceases operation for a period of more than 90 days, the funds must be deposited to the
6 General Fund.

7 **3-A. Licensee other than the original applicant; contract applicable; transfer**
8 **fee.** If a person initially licensed to operate a casino after January 1, 2015 in York
9 County or Cumberland County surrenders the license or the license is revoked, a
10 subsequent licensee authorized to operate the casino in accordance with this chapter is
11 subject to the terms of the contract required by and executed under section 1011-A,
12 subsection 5. A subsequent licensee is required to submit an application to the board and
13 is subject to the licensing qualifications prescribed under section 1016 and may only
14 operate the casino for the remainder of the 20-year license term applied to the initial
15 licensee. The fee for the transfer of a casino operator license initially issued subsequent
16 to the competitive bid process under section 1011-A is \$500,000, which must be
17 submitted to the board for deposit to the General Fund.

18 **Sec. 15. 8 MRSA §1018-A** is enacted to read:

19 **§1018-A. Host municipality and county revenue loss mitigation**

20 The portion of the license fee submitted in accordance with section 1018, subsection
21 1, paragraph C-2 must be deposited into a nonlapsing, dedicated account to be
22 administered by the board. The purpose of the account is to maintain the level of revenue
23 distributed to host municipalities under section 1011, subsection 4; section 1036,
24 subsection 2, paragraph J; and section 1036, subsection 2-A, paragraph F and to a host
25 county under section 1036, subsection 2-A, paragraph J. If a casino initially licensed to
26 operate prior to January 1, 2015 ceases operation within 5 years of the commencement of
27 the operation of slot machines at a casino in York County or Cumberland County, the
28 board shall distribute revenues to the county that received distributions under section
29 1036, subsection 2-A, paragraph J, if applicable, and the municipality in which the closed
30 casino was operated. The board shall determine the distribution amount by calculating the
31 average annual distribution to the host county or host municipality of the closed casino
32 from the last 5 full calendar years in which distributions were received. The board shall
33 determine the distribution amounts within 90 days of the closure of a casino initially
34 licensed prior to January 1, 2015 and begin making distributions to the municipality and
35 county, as applicable, as soon as practicable thereafter. Nothing in this section prohibits
36 distribution to each municipality or a county in which a casino initially licensed prior to
37 January 1, 2015 is operated as long as the casino ceases operation within 5 years after the
38 commencement of the operation of slot machines at a casino in York County or
39 Cumberland County. Distributions made to a municipality or county in accordance with
40 this section continue until 100% of the amount of the license fee deposited into the
41 account is distributed. If no casino initially licensed prior to January 1, 2015 ceases
42 operation within 5 years of the commencement of slot machine operation at a casino in
43 York County or Cumberland County, the funds must be deposited in the Department of
44 Transportation, Highway and Bridge Capital program, Other Special Revenue Funds

1 account within the Highway Fund as established by Title 23, section 1651 for capital
 2 improvement purposes.

3 **Sec. 16. 8 MRSA §1019, sub-§6**, as amended by PL 2011, c. 417, §5, is repealed.

4 **Sec. 17. 8 MRSA §1019, sub-§7**, as amended by PL 2011, c. 417, §6, is repealed.

5 **Sec. 18. 8 MRSA §1020, sub-§3**, as amended by PL 2011, c. 585, §8, is further
 6 amended to read:

7 **3. Limits on total slot machines.** The board shall determine the number of slot
 8 machines to be registered in the State for casinos initially licensed prior to January 1,
 9 2015. The board shall make this determination based upon the minimum net slot
 10 machine income, when distributed pursuant to section 1036, necessary to maintain the
 11 harness horse racing industry in this State, except that:

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

16 B. A slot machine operator initially licensed prior to January 1, 2015 may not
 17 operate more than 1,500 slot machines at any one commercial track and a casino
 18 operator initially licensed prior to January 1, 2015 may not operate more than 1,500
 19 slot machines at a casino.

20 **Sec. 19. 8 MRSA §1036**, as amended by PL 2013, c. 118, §§1 and 2 and c. 128,
 21 §1, is further amended to read:

22 **§1036. Allocation of funds**

23 **1. Distribution for administrative expenses of board.** A Except as provided by
 24 section 1036-A, a slot machine operator licensed under section 1011, subsection 2 or a
 25 casino operator that is a commercial track that was licensed to operate slot machines
 26 under section 1011, subsection 2 on January 1, 2011 shall collect and distribute 1% of
 27 gross slot machine income to the Treasurer of State for deposit in the General Fund for
 28 the administrative expenses of the board.

29 **2. Distribution of net slot machine income from casino with commercial track.**
 30 A Except as provided by section 1036-A, a slot machine operator licensed under section
 31 1011, subsection 2 or a casino operator that is a commercial track that was licensed to
 32 operate slot machines under section 1011, subsection 2 on January 1, 2011 shall collect
 33 and distribute 39% of the net slot machine income from slot machines operated by the
 34 slot machine operator to the board for distribution by the board as follows:

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

40 (1) For the fiscal year beginning July 1, 2011, \$50,000;

41 (2) For the fiscal year beginning July 1, 2012, \$50,000; and

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COMMITTEE AMENDMENT "D" to H.P. 876, L.D. 1280

- 1 (3) For the fiscal year beginning July 1, 2013 and for each fiscal year thereafter,
2 \$100,000;
- 3 B. Ten percent of the net slot machine income must be forwarded by the board to the
4 Treasurer of State, who shall credit the money to the fund established in section 298
5 to supplement harness racing purses;
- 6 C. Three percent of the net slot machine income must be credited by the board to the
7 Sire Stakes Fund created in section 281;
- 8 D. Three percent of the net slot machine income must be forwarded by the board to
9 the Treasurer of State, who shall credit the money to the Agricultural Fair Support
10 Fund established in Title 7, section 91;
- 11 E. Ten percent of the net slot machine income must be forwarded by the board to the
12 State Controller and except as otherwise provided in this paragraph credited to the
13 Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a
14 separate account under Title 22, section 1511, subsection 11, with the use of funds in
15 the account restricted to the purposes described in Title 22, section 1511, subsection
16 6, paragraph E. For the fiscal years ending June 30, 2010, June 30, 2011 and June 30,
17 2012, the amount credited annually by the State Controller to the Fund for a Healthy
18 Maine under this paragraph may not exceed \$4,500,000 annually and any funds in
19 excess of \$4,500,000 annually during these fiscal years must be credited as General
20 Fund undedicated revenue, and, for the fiscal year ending June 30, 2013, the amount
21 credited by the State Controller to the Fund for a Healthy Maine under this paragraph
22 is \$0;
- 23 F. Two percent of the net slot machine income must be forwarded by the board to the
24 University of Maine System Scholarship Fund created in Title 20-A, section 10909
25 and to the Board of Trustees of the Maine Maritime Academy to be applied by the
26 board of trustees to fund its scholarship program. The slot machine income under
27 this paragraph must be distributed as follows:
- 28 (1) The University of Maine System share is the total amount of the distribution
29 multiplied by the ratio of enrolled students in the system to the total number of
30 enrolled students both in the system and at the Maine Maritime Academy; and
- 31 (2) The Maine Maritime Academy share is the total amount of the distribution
32 multiplied by the ratio of enrolled students at the academy to the total number of
33 enrolled students both in the system and at the academy;
- 34 G. One percent of the net slot machine income must be forwarded by the board to the
35 board of trustees of the Maine Community College System to be applied by the board
36 of trustees to fund its scholarships program under Title 20-A, section 12716,
37 subsection 1;
- 38 H. Four percent of the net slot machine income must be forwarded by the board to
39 the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at
40 Maine's Commercial Tracks, established in section 299; however, the payment
41 required by this paragraph is terminated when all commercial tracks have obtained a
42 license to operate slot machines in accordance with this chapter, in which case, that

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- 1 4% of the net slot machine income must be credited to the General Fund as
2 undicated revenue;
- 3 I. Two percent of the net slot machine income must be forwarded by the board to the
4 Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track
5 Betting Facilities established by section 300, as long as a facility has conducted off-
6 track wagering operations for a minimum of 250 days during the preceding 12-month
7 period in which the first payment to the fund is required. After 48 months of
8 receiving an allocation of the net slot machine income from a licensed operator, the
9 percent of net slot machine income forwarded to the Fund to Stabilize Off-track
10 Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the
11 State in accordance with subsection 1; and
- 12 J. One percent of the net slot machine income must be forwarded directly to the
13 municipality in which the slot machines are located.
- 14 **2-A. Distribution from casino of slot machine income.** A Except as provided by
15 section 1036-A, a casino operator shall collect and distribute 46% of the net slot machine
16 income from slot machines operated by the casino operator to the board for distribution
17 by the board as follows:
- 18 A. Twenty-five percent of the net slot machine income must be forwarded directly
19 by the board to the Treasurer of State, who shall credit the money to the Department
20 of Education, to be used to supplement and not to supplant funding for essential
21 programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;
- 22 B. Four percent of the net slot machine income must be forwarded by the board to
23 the University of Maine System Scholarship Fund created in Title 20-A, section
24 10909 and to the Board of Trustees of the Maine Maritime Academy to be applied by
25 the board of trustees to fund its scholarship program. The slot machine income under
26 this paragraph must be distributed as follows:
- 27 (1) The University of Maine System share is the total amount of the distribution
28 multiplied by the ratio of enrolled students in the system to the total number of
29 enrolled students both in the system and at the Maine Maritime Academy; and
- 30 (2) The Maine Maritime Academy share is the total amount of the distribution
31 multiplied by the ratio of enrolled students at the academy to the total number of
32 enrolled students both in the system and at the academy;
- 33 C. Three percent of the net slot machine income must be forwarded by the board to
34 the Board of Trustees of the Maine Community College System to be applied by the
35 board of trustees to fund its scholarships program under Title 20-A, section 12716,
36 subsection 1;
- 37 D. Four percent of the net slot machine income must be forwarded by the board to
38 the Treasurer of State, who shall distribute the funds to the tribal governments of the
39 Penobscot Nation and the Passamaquoddy Tribe;
- 40 E. Three percent of the net slot machine income must be deposited to the General
41 Fund for administrative expenses of the board, including gambling addiction
42 counseling services, in accordance with rules adopted by the board;

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COMMITTEE AMENDMENT "D" to H.P. 876, L.D. 1280

- 1 F. Two percent of the net slot machine income must be forwarded directly to the
- 2 municipality in which the casino is located;
- 3 G. One percent of the net slot machine income must be forwarded by the board to the
- 4 Treasurer of State, who shall credit the money to the Agricultural Fair Support Fund
- 5 established in Title 7, section 91;
- 6 H. One percent of the net slot machine income must be forwarded by the board to the
- 7 Treasurer of State, who shall credit the money to the fund established in section 298
- 8 to supplement harness racing purses;
- 9 I. One percent of the net slot machine income must be credited by the board to the
- 10 Sire Stakes Fund created in section 281;
- 11 J. One percent of the net slot machine income must be forwarded directly to the
- 12 county in which the casino is located to pay for mitigation of costs resulting from
- 13 gaming operations;
- 14 L. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be
- 15 forwarded by the board to the Treasurer of State, who shall credit the money to the
- 16 Maine Milk Pool, Other Special Revenue Funds account within the Department of
- 17 Agriculture, Conservation and Forestry to help fund dairy farm stabilization pursuant
- 18 to Title 7, sections 3153-B and 3153-D; and
- 19 M. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be
- 20 forwarded by the board to the Treasurer of State, who shall credit the money to the
- 21 Dairy Improvement Fund established under Title 10, section 1023-P.
- 22 If a recipient of net slot machine income in paragraph D, H or I owns or receives funds
- 23 from a slot machine facility or casino, other than the casino in Oxford County or the slot
- 24 machine facility in Bangor, then the recipient may not receive funds under this
- 25 subsection, and those funds must be retained by the Oxford County casino operator.
- 26 **2-B. Distribution from casino of table game income.** A Except as provided by
- 27 section 1036-A, a casino operator licensed in accordance with section 1011, subsection
- 28 2-A, paragraph A shall collect and distribute 16% of the net table game income from
- 29 table games operated by the casino operator to the board for distribution by the board as
- 30 follows:
- 31 A. Ten percent of the net table game income must be forwarded directly by the board
- 32 to the Treasurer of State, who shall credit the money to the Department of Education,
- 33 to be used to supplement and not to supplant funding for essential programs and
- 34 services for kindergarten to grade 12 under Title 20-A, chapter 606-B;
- 35 B. Three percent of the net table game 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 C. Two percent of the net table game income must be forwarded directly to the
- 39 municipality in which the table games are located; and
- 40 D. One percent of the net table game income must be forwarded directly to the
- 41 county in which the table games are located to pay for mitigation of costs resulting
- 42 from gaming operations.

COMMITTEE AMENDMENT

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1 **2-C. Distribution of table game income from casino with a commercial track.** A
2 Except as provided by section 1036-A, a casino operator that is a commercial track and
3 was licensed to operate slot machines on January 1, 2011 shall collect and distribute 16%
4 of the net table game income from table games operated by the casino operator to the
5 board for distribution by the board as follows:

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

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

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

14 D. Two percent of net table game income must be deposited into the Coordinated
15 Veterans Assistance Fund established in Title 37-B, section 514.

16 **2-D. Distribution of slot machine and table game income from a casino in York**
17 **County or Cumberland County.** A casino operator licensed to operate a casino in York
18 County or Cumberland County pursuant to section 1011-A shall collect and distribute
19 40% of net slot machine income and 16% of net table game income to the board. The
20 distributions must be held by the board until a distribution is established by the
21 Legislature for net slot machine income and net table game income generated by a casino.

22 **3. Failure to deposit funds.** A slot machine operator or casino operator who
23 knowingly or intentionally fails to comply with this section commits a Class C crime. In
24 addition to any other sanction available by law, the license of the operator may be
25 revoked by the board and the slot machines or table games operated by that slot machine
26 operator or casino operator may be disabled, and the slot machines or table games, slot
27 machines' or table games' proceeds and associated equipment may be confiscated by the
28 board and are subject to forfeiture under Title 17-A, section 959 or 960.

29 **4. Late payments.** The board may adopt rules establishing the dates on which
30 payments required by this section are due. All payments not remitted when due must be
31 paid together with interest on the unpaid balance at a rate of 1.5% per month.

32 **Sec. 20. 8 MRSA §1036-A** is enacted to read:

33 **§1036-A. Distributions of slot machine and table game income upon operation of a**
34 **casino, gambling facility or slot machine facility licensed after January 1,**
35 **2015**

36 The board may not make distributions as provided by section 1036, subsections 1, 2,
37 2-A, 2-B and 2-C after the commencement of operations of a casino, slot machine facility
38 or gambling facility subject to licensure by the board initially licensed after January 1,
39 2015. Net slot machine income and net table game income collected by a casino operator
40 or slot machine facility operator in accordance with section 1036, subsections 1, 2, 2-A,
41 2-B and 2-C must be held by the board until a distribution of net slot machine income and
42 net table game income is established by the Legislature that provides for a distribution of

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1 net slot machine income and net table game income that applies, in the same manner, to
2 each casino, slot machine facility or gambling facility licensed in accordance with this
3 chapter.

4 **Sec. 21. Joint Standing Committee on Veterans and Legal Affairs**
5 **authorized to submit legislation.** The Joint Standing Committee on Veterans and
6 Legal Affairs is authorized to submit legislation to the Second Regular Session of the
7 127th Legislature establishing a manner of distribution of slot machine and table game
8 revenue that will apply to each casino, slot machine facility or gambling facility operated
9 in this State. The manner of slot machine and table game revenue distribution must apply
10 percentages to the following:

11 1. The fund to supplement harness racing purses established under the Maine
12 Revised Statutes, Title 8, section 298;

13 2. The Sire Stakes Fund established under Title 8, section 281;

14 3. The Agricultural Fair Support Fund established under Title 7, section 91, except
15 that distributions to that fund may not be paid to those licensed to conduct or accept
16 wagers on harness racing at an agricultural fair or commercial track;

17 4. Scholarships for the University of Maine System, Maine Maritime Academy and
18 Maine Community College System;

19 5. The City of Bangor, the Town of Oxford and the counties of Penobscot and
20 Oxford;

21 6. The municipality in either York County or Cumberland County in which the
22 casino is operated;

23 7. The Department of Education to fund essential programs and services for
24 kindergarten to grade 12 under Title 20-A, chapter 606-B;

25 8. The Fund to Stabilize Off-track Betting Facilities established under Title 8, section
26 300;

27 9. Each of the 4 federally recognized Indian tribes in the State if the tribe is not
28 benefitting from the operation of a casino licensed after January 1, 2015;

29 10. The Fund for a Healthy Maine established under Title 22, section 1511 to support
30 programs that provide prescription drug benefits to the elderly;

31 11. The Maine Milk Pool, Other Special Revenue Funds account within the
32 Department of Agriculture, Conservation and Forestry for dairy stabilization programs
33 under Title 7, sections 3153-B and 3153-D;

34 12. The Dairy Improvement Fund established under Title 10, section 1023-P;

35 13. The General Fund for administrative expenses of the Gambling Control Board
36 within the Department of Public Safety and the Gambling Addiction Prevention and
37 Treatment Fund established under Title 5, section 20006-B;

38 14. The Coordinated Veterans Assistance Fund established under Title 37-B, section
39 514 and the Bureau of Maine Veterans' Services within the Department of Defense,
40 Veterans and Emergency Management for the purposes of developing a coordinated

R.O.F.S

1 delivery system of services and benefits from nonprofit organizations and federal and
2 state programs to veterans in the State;

3 15. Established bona fide nonprofit organizations incorporated in the State whose
4 charitable purpose is to serve veterans;

5 16. The General Fund to provide supplemental funding for the operation of county
6 jails;

7 17. A fund, to be established, for the purpose of providing education in the industry
8 of harness racing through paid internships for high-school-aged students;

9 18. A fund, to be established, to benefit an agricultural fair association by funding
10 premium payouts at agricultural fairs;

11 19. A fund, to be established, to support harness racing conducted by agricultural
12 fairs by assisting with improvements and maintenance to racing tracks and buildings
13 associated with harness racing; and

14 20. A fund, to be established, to support the costs and promotion of educational
15 programs for school-aged children conducted as part of an agricultural fair.

16 **Sec. 22. Statutory referendum procedure; submission at election; form of**
17 **question; effective date.** This Act must be submitted to the legal voters of the State at
18 a statewide election held in the month of November 2016 following passage of this Act.
19 The municipal officers of this State shall notify the inhabitants of their respective cities,
20 towns and plantations to meet, in the manner prescribed by law for holding a statewide
21 election, to vote on the acceptance or rejection of this Act by voting on the following
22 question:

23 "Do you favor the operation of a resort-style casino, licensed pursuant to
24 a competitive bid process, in either York County or Cumberland
25 County?"

26 The legal voters of each city, town and plantation shall vote by ballot on this question
27 and designate their choice by a cross or check mark placed within a corresponding square
28 below the word "Yes" or "No." The ballots must be received, sorted, counted and
29 declared in open ward, town and plantation meetings and returns made to the Secretary of
30 State in the same manner as votes for members of the Legislature. The Governor shall
31 review the returns. If a majority of the legal votes are cast in favor of this Act, the
32 Governor shall proclaim the result without delay and this Act becomes effective 30 days
33 after the date of the proclamation.

34 The Secretary of State shall prepare and furnish to each city, town and plantation all
35 ballots, returns and copies of this Act necessary to carry out the purposes of this
36 referendum.'

37 **SUMMARY**

38 This amendment replaces the bill and is a minority report of the committee. The
39 amendment establishes a competitive bid process for the operation of a resort-style casino
40 in either York County or Cumberland County. The amendment establishes the Casino
41 Development Commission, which is an independent board of 5 members appointed by

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1 the Governor and confirmed by the Senate. The commission's purpose is to develop a
 2 request for proposals for the privilege to submit an application to the Gambling Control
 3 Board for a casino operator license. The fee to submit a bid is \$250,000. The
 4 amendment provides for specific supporting information to be submitted by the bidder
 5 and considered by the commission including the bidder's ability to make a minimum
 6 \$250,000,000 capital investment in the resort-style casino and information regarding job
 7 creation, economic development and plans to mitigate negative infrastructure impacts.
 8 Under the amendment, the commission is directed to develop a point system for the
 9 factors to be considered and give priority to factors that create jobs, promote economic
 10 development, increase tourism and support a casino that fits the character of the State.
 11 The winning bidder must enter into a contract with the commission that obligates the
 12 casino operator to abide by the proposals made in the winning bid. Failure to abide by
 13 the terms of the contract could result in financial penalties to the operator.

14 The license fee for a casino under the amendment is \$50,000,000, of which
 15 \$5,000,000 is deposited with the Gambling Control Board and \$15,000,000 is deposited
 16 into the General Fund. The remaining \$30,000,000 is deposited into an account to be
 17 used to mitigate the impact of lost revenue on the municipalities and a county in which
 18 casinos are currently located. If an existing casino closes, the Gambling Control Board
 19 will distribute money from the account to the municipalities and county based on
 20 distributions the municipality or county had been receiving from the casino.

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

26 The amendment sets the distribution of net slot machine revenue at 40% and the
 27 distribution of net table game revenue at 16% for the resort-style casino. Upon
 28 commencement of table game operations at a casino in York County or Cumberland
 29 County, a single distribution of slot machine and table game revenue will be applied to all
 30 casinos in the State. The amendment authorizes the Joint Standing Committee on
 31 Veterans and Legal Affairs to submit legislation developing this distribution of revenue
 32 and provides a list of funds and programs that are required to be included in that
 33 distribution.

34 Finally, the amendment makes enactment of this bill contingent upon the approval of
 35 the voters of the State at a statewide referendum held in November 2016.

FISCAL NOTE REQUIRED
 (See Attached)

COMMITTEE AMENDMENT



127th MAINE LEGISLATURE

LD 1280

LR 1572(05)

An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

Fiscal Note for Bill as Amended by Committee Amendment *D (H-494)*

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

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

Referendum Costs

Month/Year	Election Type	Question	Length
Nov-15	General	Referendum	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions requires production and delivery of a second ballot, an additional appropriation of \$107,250 may be required.

Fiscal Detail and Notes

The bill creates a commission to use a competitive bid process for the operation of a resort-style casino. 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 (GCB) will accept applications for a casino license in either York County or Cumberland County for the winning bidder as long as the voters of the municipality where the proposed casino will be located have voted to approve a casino and the voters of the county have not rejected a casino.

The facility would be taxed at the rate of 40% of net slot income and 16% of net table game income. The bill would require this 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 GCB. This fiscal note assumes that the facility will not direct these funds to the GCB. This fiscal note assumes a total of 1,000 slot machines and 24 table games, generating an estimated \$28,893,809 annually in Other Special Revenue Funds (OSRF) revenue.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$50,000,000, with \$15,000,000 going to the General Fund and \$35,000,000 going into an OSRF account within the GCB. \$30,000,000 from this license fee will be used to maintain the level of revenue distributed to municipalities and counties receiving money from either Oxford Casino or Hollywood Casino. This \$30,000,000 will 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 Oxford Casino or Hollywood Casino ceases operations within 5 years of commencement of the new casino, then distribution will be made from the OSRF account to compensate host municipalities and counties until the entire \$30,000,000 is distributed. A one-time renewal fee of \$250,000 will be due 20 years after this new casino commences operations. The GCB will generate annual OSRF revenue of \$102,400 from registration fees. Annual State costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510.

C 'D' (H-494)

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 open. 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.

Under current law, State revenue from both Oxford Casino and Hollywood Casino go to various funds, but this bill directs all State revenue from these casinos to go to the Gambling Control Board until a distribution of slot machine and table game revenue is established by the Legislature. The new distribution is required to be a uniform distribution of slot machine and table game revenue for each casino, slot machine facility or gambling facility. This will reduce General Fund revenue by an estimated \$8,223,744 annually.

	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 - 40%	\$27,158,628
Operator Share of Net Slot Income - 60%	\$40,737,942
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	
<u>General Fund</u>	
Oxford Casino revenue reduced	(\$347,495)
Oxford Casino revenue was GF, now OSR	(\$1,389,981)
Hollywood Casino revenue was GF, now OSR	(\$6,833,763)
Total General Fund Revenue	(\$8,571,239)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
Casino Operator License	\$15,000,000 (one-time)
 <u>Other Special Revenue Funds</u>	
Registration Fees	\$28,893,809
Oxford Casino revenue reduced	\$102,400
Oxford Casino revenue was GF, now OSR	(\$5,410,437)
Hollywood Casino revenue was GF, now OSR	\$1,389,981
Total Other Special Revenue Funds Revenue	\$6,833,763
Casino Operator License	\$31,809,516
Renewal Fee - in 20 years	\$35,000,000 (one-time)
	\$250,000 (one-time)
 Total Revenue All Funds	 \$23,238,277
 Summary of Expenditure Impacts to the State	
<u>Other Special Revenue Funds</u>	
-- Public Safety	\$523,510