

MAINE STATE LEGISLATURE

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L.D. 1280

Date: 3/21/16

(Filing No. H-580)

VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE HOUSE OF REPRESENTATIVES 127TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "E" 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 and 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:

1 **2-C. Persons eligible for casino operator license on or after January 1, 2016.**
 2 Beginning January 1, 2016, 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-B
 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. County referendum**

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

13 **1. Secretary of State to prepare ballots and returns.** Notwithstanding any law to
 14 the contrary, upon notification by the county commissioners of the date of a statewide
 15 election no sooner than June 1, 2017 and no later than July 1, 2018 at which a county has
 16 determined that the county will hold a referendum asking voters of the county to
 17 authorize the operation of a casino subject to a competitive bid process, the Secretary of
 18 State shall prepare and furnish to each city, town and plantation in that county ballots and
 19 returns for an election to be held no sooner than June 1, 2017 and no later than July 1,
 20 2018. The ballots must be received, sorted, counted and declared in open ward, town and
 21 plantation meetings and returns made to the Secretary of State in the same manner as
 22 votes for members of the Legislature. The Secretary of State shall determine the wording
 23 of the question to be submitted to the voters of the county.

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

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

34 **§1011-B. Privilege to submit a casino operator license application for a southern**
 35 **casino pursuant to competitive bidding**

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

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;

1 (6) The extent to which the bidder's proposed facility can reasonably be expected
 2 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:

1 (1) The bidder's plan to identify, address and minimize the potential for and
2 existence of negative consequences associated with gambling and the operation
3 of the bidder's proposed facility, including but not limited to a financial
4 commitment to efforts to address problem gambling prevention, intervention,
5 treatment and research;

6 (2) The effects, both positive and negative, that can be reasonably anticipated to
7 be experienced by the municipality in which the facility is located and the
8 communities in the region; and

9 (3) The likelihood that the bidder will meet the casino operator license
10 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

COMMITTEE AMENDMENT

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 initially issued before January 1, 2016.

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 initially issued before January 1, 2016.

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 \$55,000,000. 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

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

4 C-3. The annual registration fee for a slot machine and a table game operated at a
 5 casino licensed on or after January 1, 2016 is \$100.

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

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

10 **2. Term of license issued before January 1, 2016; renewal; renewal fees.** All
 11 Except for slot machine operator licenses and casino operator licenses issued on or after
 12 January 1, 2016, licenses issued by the board under this chapter are effective for one year,
 13 unless revoked or surrendered pursuant to subchapter 5. Upon proper application and
 14 payment of the required fees and taxes and in accordance with rules adopted by the board,
 15 the board may renew a license for an additional year if municipal approval has been
 16 obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee
 17 required by subsection 1, paragraph C to the municipality in which the slot machines are
 18 operated.

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

20 **2-A. Term of license issued on or after January 1, 2016.** A casino operator
 21 license issued by the board pursuant to section 1011, subsection 2-C is effective for 20
 22 years unless revoked or surrendered pursuant to subchapter 5.

23 **2-B. Annual reinvestment requirements; southern casino.** A casino operator
 24 licensed by the board pursuant to section 1011, subsection 2-C operating a casino in York
 25 County or Cumberland County may deposit with the board the percentage of net slot
 26 machine income and net table game income required as an annual reinvestment pursuant
 27 to the contract executed in accordance with section 1011-B, subsection 5. The board
 28 shall hold the funds in an interest-bearing, nonlapsing account. The casino operator may
 29 request funds from the account for the purpose of making capital investments or
 30 improvements to the casino facility. If there are funds in the account and the casino
 31 ceases operation for a period of more than 90 days, the funds must be deposited to the
 32 General Fund.

33 **3-A. Licensee other than the original applicant; contract applicable; transfer**
 34 fee. If a person initially licensed to operate a casino after January 1, 2016 in York
 35 County or Cumberland County surrenders the license or the license is revoked, a
 36 subsequent licensee authorized to operate the casino in accordance with this chapter is
 37 subject to the terms of the contract required by and executed under section 1011-B,
 38 subsection 5. A subsequent licensee is required to submit an application to the board and
 39 is subject to the licensing qualifications prescribed under section 1016 and may only
 40 operate the casino for the remainder of the 20-year license term applied to the initial
 41 licensee. The fee for the transfer of a casino operator license initially issued subsequent
 42 to the competitive bid process under section 1011-B is \$500,000, which must be
 43 submitted to the board for deposit to the General Fund.

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

2 **§1018-A. Host municipality and county revenue loss mitigation**

3 The portion of the license fee submitted in accordance with section 1018, subsection
 4 1, paragraph C-2 must be deposited into a nonlapsing, dedicated account to be
 5 administered by the board. The purpose of the account is to maintain the level of revenue
 6 distributed to host municipalities under section 1011, subsection 4; section 1036,
 7 subsection 2, paragraph J; and section 1036, subsection 2-A, paragraph F and to a host
 8 county under section 1036, subsection 2-A, paragraph J and property tax revenue
 9 received by host municipalities. If a casino initially licensed to operate prior to January
 10 1, 2016 ceases operation within 5 years of the commencement of the operation of slot
 11 machines at a casino in York County or Cumberland County, the board shall distribute
 12 revenues to the county that received distributions under section 1036, subsection 2-A,
 13 paragraph J, if applicable, and the municipality in which the closed casino was operated.
 14 The board shall determine the distribution amount by calculating the average annual
 15 distribution to the host county or host municipality of the closed casino from the last 5
 16 full calendar years in which distributions were received from casinos initially licensed
 17 prior to January 1, 2016 and by factoring in any reduction in the amount of property tax
 18 revenues received by the municipality directly related to the cessation of casino
 19 operations. The distribution amount determined by the board must be decreased by the
 20 amounts distributed from a casino operated in York County or Cumberland County under
 21 section 1036, subsection 2-D, paragraphs K, M and N. The board shall determine the
 22 distribution amounts within 90 days of the closure of a casino initially licensed prior to
 23 January 1, 2016 and begin making distributions to the municipality and county, as
 24 applicable, as soon as practicable thereafter. Nothing in this section prohibits distribution
 25 to each municipality or county in which a casino initially licensed prior to January 1,
 26 2016 is operated as long as the casino ceases operation within 5 years after the
 27 commencement of the operation of slot machines at a casino in York County or
 28 Cumberland County. Distributions made to a municipality or county in accordance with
 29 this section continue for a period of 5 years after receiving an initial distribution from the
 30 board in accordance with this section. If the amount in the account is insufficient to make
 31 distributions to the county or municipalities as required by this section, the board may
 32 require additional payment from the operator of the casino in York County or
 33 Cumberland County to make distributions required by this section. If no casino initially
 34 licensed prior to January 1, 2016 ceases operation within 5 years of the commencement
 35 of slot machine operation at a casino in York County or Cumberland County or if funds
 36 remain in the account after distributions are made in accordance with this section for the
 37 5-year period, the funds must be deposited in the Department of Transportation, Highway
 38 and Bridge Capital program, Other Special Revenue Funds account within the Highway
 39 Fund as established by Title 23, section 1651 for capital improvement purposes.

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

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

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

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 2016. 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, 2016 may not exceed 3,000; and

10 B. A slot machine operator initially licensed prior to January 1, 2016 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, 2016 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 40% of net
 18 slot machine income to the board for distribution by the board as follows:

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

24 B. Five and one-half percent of the net slot machine income must be forwarded by
 25 the board to the Treasurer of State, who shall credit the income to the fund
 26 established in section 298 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 516;

29 D. One 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;

- 1 H. One percent of the net slot machine income must be forwarded by the board to the
2 Treasurer of State, who shall credit the income to the Fund to Stabilize Off-track
3 Betting Facilities established by section 300;
- 4 I. One percent of the net slot machine income must be forwarded by the board
5 directly to the municipality in which the slot machines are located;
- 6 J. One percent of the net slot machine income must be forwarded by the board
7 directly to the municipalities that abut the municipality in which the slot machines are
8 located. The revenues must be paid in equal portions to each abutting municipality;
- 9 K. Three-fourths of one percent of the net slot machine income must be forwarded
10 by the board directly to Oxford County;
- 11 L. Three-fourths of one percent of the net slot machine income must be forwarded by
12 the board directly to Penobscot County;
- 13 M. One-half of one percent of the net slot machine income must be forwarded by the
14 board directly to the City of Bangor;
- 15 N. One-half of one percent of the net slot machine income must be forwarded by the
16 board directly to the Town of Oxford;
- 17 O. Four and one-half percent of the net slot machine income must be forwarded by
18 the board directly to the Treasurer of State, who shall credit the income to the
19 Department of Education for distribution to school administrative units eligible to
20 receive targeted public preschool program to grade 2 funds;
- 21 P. One and one-half percent of the net slot machine income must be forwarded by
22 the board to the University of Maine System Scholarship Fund created in Title 20-A,
23 section 10909 and to the Board of Trustees of the Maine Maritime Academy to be
24 applied by the board of trustees to fund its scholarship program. The slot machine
25 income under this paragraph must be distributed as follows:
- 26 (1) The University of Maine System share is the total amount of the distribution
27 multiplied by the ratio of enrolled students in the system to the total number of
28 enrolled students both in the system and at the Maine Maritime Academy; and
- 29 (2) The Maine Maritime Academy share is the total amount of the distribution
30 multiplied by the ratio of enrolled students at the academy to the total number of
31 enrolled students both in the system and at the academy;
- 32 Q. One and one-half percent of the net slot machine income must be forwarded by
33 the board to the Board of Trustees of the Maine Community College System to be
34 applied by the board of trustees to fund its scholarships program under Title 20-A,
35 section 12716, subsection 1;
- 36 R. One and sixty-three hundredths percent of the net slot machine income must be
37 forwarded by the board to the Treasurer of State, who shall distribute the funds in
38 equal proportion to the tribal governments of the Penobscot Nation, the
39 Passamaquoddy Tribe, the Houlton Band of Maliseet Indians and the Aroostook
40 Band of Micmacs;

1 S. Thirty-one hundredths of one percent of the net slot machine income must be
 2 forwarded by the board to the State Controller and, except as otherwise provided in
 3 this paragraph, credited to the Fund for a Healthy Maine established by Title 22,
 4 section 1511 and segregated into a separate account under Title 22, section 1511,
 5 subsection 11, with the use of funds in the account restricted to the purposes
 6 described in Title 22, section 1511, subsection 6, paragraph E; and

7 T. Six hundredths of one percent of the net slot machine income must be forwarded
 8 by the board to the Treasurer of State, who shall credit the money to the Maine Milk
 9 Pool, Other Special Revenue Funds account within the Department of Agriculture,
 10 Conservation and Forestry to help fund dairy farm stabilization pursuant to Title 7,
 11 sections 3153-B and 3153-D.

12 **2-E. Distribution of table game income from a casino in York County or**
 13 **Cumberland County.** A casino operator licensed to operate a casino in York County or
 14 Cumberland County pursuant to section 1011-B shall collect and distribute 16% of net
 15 table game income to the board to be deposited by the board into the Fund to Reform
 16 Veterans Services established by Title 37-B, section 516.

17 Sec. 21. 8 MRSA §1036-A is enacted to read:

18 **§1036-A. Distributions of slot machine and table game income upon operation of a**
 19 **gambling facility licensed after January 1, 2016**

20 The board may not make distributions as provided by section 1036, subsections 1, 2,
 21 2-A, 2-B and 2-C after the commencement of operations of a gambling facility subject to
 22 licensure by the board initially licensed after January 1, 2016. Net slot machine income
 23 and net table game income collected by a casino operator or slot machine facility operator
 24 in accordance with section 1036, subsections 1, 2, 2-A, 2-B and 2-C must be held by the
 25 board until a distribution of 40% of net slot machine income and a distribution of 16% of
 26 net table game income is established by the Legislature that provides for a distribution of
 27 net slot machine income and net table game income that applies, in the same manner, to
 28 each gambling facility licensed in accordance with this chapter.

29 Sec. 22. 37-B MRSA §516 is enacted to read:

30 **§516. Fund to Reform Veterans Services**

31 The Fund to Reform Veterans Services is established to develop a coordinated
 32 delivery system of benefits and services to veterans in the State. The fund is a dedicated,
 33 nonlapsing account. Benefits and services to be coordinated within this system are not
 34 limited to those established and administered by the State, but may also include those
 35 provided by federal agencies, service-oriented nonprofit organizations and veterans'
 36 service organizations. The director shall administer the fund based on the
 37 recommendations and funding priorities established by the Maine Veterans Assistance
 38 Council established under section 517. Allocations from the fund in any one calendar
 39 year may not exceed 85% of the balance of the fund at the beginning of the calendar year.
 40 The director may request allocations from the fund once per calendar year, not to exceed
 41 1% of the balance of the fund at the beginning of the calendar year, to cover the costs of
 42 administration of the Maine Veterans Assistance Council.

1 **Sec. 23. 37-B MRSA §517** is enacted to read:

2 **§517. Maine Veterans Assistance Council**

3 **1. Maine Veterans Assistance Council; establishment and purpose.** The Maine
4 Veterans Assistance Council, referred to in this section as "the council," is established to
5 develop policies and recommendations for the allocation of funds from the Fund to
6 Reform Veterans Services as established under section 516, referred to in this section as
7 "the fund." Except as otherwise provided by this subsection, allocations from the fund
8 must be made in the form of grants to qualified entities based on applications submitted
9 to the director. The director is authorized to make grant award decisions based on the
10 criteria for award established by the council. The council, upon unanimous agreement,
11 may make allocations directly to the director to support the duties of the bureau.

12 **2. Members.** In addition to the director, the council consists of the following
13 members appointed by the director:

14 A. One member representing the interests of the Military Officers Association of
15 America or a successor organization;

16 B. One member representing the interests of the Treasurer of State;

17 C. One member representing the interests of the American Legion or a successor
18 organization;

19 D. One member representing the interests of the Veterans of Foreign Wars or a
20 successor organization;

21 E. One member representing the interests of Disabled American Veterans or a
22 successor organization;

23 F. One member representing the interests of American Veterans or a successor
24 organization;

25 G. One member representing the interests of the Fleet Reserve Association or a
26 successor organization; and

27 H. One member representing the interests of an organization that provides a forum
28 for veterans' organizations to work together on behalf of veterans in the State.

29 **3. Vacancies.** In the event of a vacancy on the council, the director shall appoint a
30 new member to fill the vacancy until the expiration of the term. A vacancy on the council
31 must be filled in the same manner as the original appointment was made under subsection
32 2.

33 **4. Terms.** Members of the council are appointed for 3-year terms.

34 **5. Removal.** The director may remove a member of the council for cause.

35 **6. Voting; quorum.** A quorum consists of 5 members of the council. Each member
36 has one vote. A policy or a recommendation may not be approved by the council without
37 at least 3 affirmative votes.

38 **7. Council proceedings.** The council shall meet not less than 6 times per calendar
39 year at a date and time set by the director. The director shall prepare the agenda and
40 prepare and keep a summarized record of meetings. The council may not make binding

1 decisions but shall vote on policies and recommendations. The director shall be present
2 at the meetings to facilitate the meetings. The director does not have a vote.

3 **Sec. 24. Executive director of State Harness Racing Commission to**
4 **submit report regarding Sire Stakes Fund.** No later than February 15, 2017, the
5 executive director of the State Harness Racing Commission within the Department of
6 Agriculture, Conservation and Forestry shall submit a report to the joint standing
7 committees of the Legislature having jurisdiction over agricultural matters and casino
8 matters regarding the Sire Stakes Fund established in the Maine Revised Statutes, Title 8,
9 section 281. The executive director shall include in the report recommendations,
10 developed in consultation with the State Harness Racing Commission and after seeking
11 comment from members of the harness racing industry, to increase the number of
12 breeders eligible to receive funds and ways to structure distributions so that distributions
13 from the fund are not concentrated among a small percentage of breeders of standardbred
14 horses.

15 **Sec. 25. Appropriations and allocations.** The following appropriations and
16 allocations are made.

17 **DEFENSE, VETERANS AND EMERGENCY MANAGEMENT, DEPARTMENT**
18 **OF**

19 **Veterans Services 0110**

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

21	OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
22	All Other	\$0	\$500
23			
24	OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$500
25			

26 **SUMMARY**

27 This amendment replaces the bill and is the majority report of the committee. The
28 amendment establishes a competitive bid process for the operation of a resort-style casino
29 in either York County or Cumberland County. The amendment establishes the Casino
30 Development Commission, which is an independent board of 5 members appointed by
31 the Governor and confirmed by the Senate. The commission's purpose is to develop a
32 request for proposals for the privilege to submit an application to the Department of
33 Public Safety, Gambling Control Board for a casino operator license. Prior to submitting
34 a request for proposals, either York County or Cumberland County, or both, would have
35 to hold a referendum vote asking voters to allow the operation of a casino in their county.
36 The referendum must be held on the same date as a statewide election no sooner than
37 June 1, 2017 and no later than July 1, 2018. The fee to submit a bid is \$250,000. The
38 amendment provides for specific supporting information to be submitted by the bidder
39 and considered by the commission including the bidder's ability to make a minimum
40 \$250,000,000 capital investment in the resort-style casino and information regarding job
41 creation, economic development, plans to mitigate negative infrastructure impacts and the
42 bidder's support of the harness racing industry. Under the amendment, the commission is

COMMITTEE AMENDMENT

1 directed to develop a point system for the factors to be considered in evaluating proposals
2 and give priority to proposals that create jobs, promote economic development, increase
3 tourism and support a casino that fits the character of the State. The winning bidder must
4 enter into a contract with the commission that obligates the casino operator to abide by
5 the proposals made in the winning bid. Failure to abide by the terms of the contract could
6 result in financial penalties to the casino operator.

7 The license fee for a casino under the amendment is \$55,000,000, of which
8 \$5,000,000 is deposited into the General Fund to be used for administrative expenses of
9 the Gambling Control Board. The remaining \$50,000,000 is deposited into an account to
10 be used to mitigate the impact of lost revenue on the municipalities and a county in which
11 casinos are currently located. The Gambling Control Board will distribute money from
12 the account to the municipalities and county based on distributions the municipalities and
13 county had been receiving from the casino.

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

19 The amendment sets the distribution of net slot machine revenue at 40% and the
20 distribution of net table game revenue at 16% for the resort-style casino. It directs the
21 Gambling Control Board to withhold distributions of slot and table game revenues from
22 the existing casinos upon the commencement of operation of the casino authorized by this
23 amendment until the required distributions are established at those rates for all casinos by
24 the Legislature. The amendment provides for various recipients of slot machine revenue
25 and requires table game revenue to be deposited to the Fund to Reform Veterans
26 Services. Allocations from the fund are made through grants to support the needs of
27 veterans as governed by the policies and objectives of the Maine Veterans Assistance
28 Council, which is established by this amendment.

29 The amendment requires the executive director of the State Harness Racing
30 Commission to submit a report to the joint standing committees of the Legislature having
31 jurisdiction over casino matters and agricultural matters. The executive director is
32 required to consult with the commission and members of the harness racing industry to
33 make recommendations that will increase the number of breeders in the Sire Stakes Fund
34 program and structure distributions so that the money is not concentrated among a small
35 percentage of breeders.

36 The amendment also adds an appropriations and allocations section.

37 **FISCAL NOTE REQUIRED**

38 **(See attached)**



127th MAINE LEGISLATURE

LD 1280

LR 1572(15)

An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

Fiscal Note for Bill as Amended by Committee Amendment "E" (H-580)
 Committee: Veterans and Legal Affairs
 Fiscal Note Required: Yes

Fiscal Note

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

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$500	\$500	\$500

Fiscal Detail and Notes

If York and Cumberland counties choose to hold referendums during the state primary election in June 2017, the Department of Secretary of State would need a General Fund appropriation of \$45,812 for ballot printing costs and postage. If the counties choose to hold referendums during the general election in November 2017, the Department of Secretary of State would need a General Fund appropriation of \$45,812 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 2016-17 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 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 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.

The facility would be taxed at the rate of 40% 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 annual capital improvements to the casino using 3% to 4% of both net slot machine income and net table game income generated during the previous year or direct those funds to the Gambling Control Board. This fiscal note assumes 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 \$27,635,877 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 \$55,000,000, with \$5,000,000 going to the General Fund and \$50,000,000 going into an OSRF account within the Gambling Control Board. \$126,400 in annual OSRF revenue will be generated from registration fees on slot machines and table games. The \$50,000,000 will remain in the OSRF account for 5 years after the new casino in York or Cumberland County becomes operational 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 distributions will be made from the OSRF account to compensate certain municipalities and counties, with the distributions lasting 5 years and any remaining monies being transferred to the Highway and Bridge Capital Program. Annual state costs associated with 5 inspectors, 1 auditor, 1 detective and 1 office specialist and other related expenses are estimated to be \$763,705.

Under current law, if the Penobscot Nation and Passamaquoddy Tribe, the fund to supplement harness racing purses or the Sire Stakes Fund receive funds from a casino other than Oxford Casino or Hollywood Casino, then the recipient may not receive funds from Oxford Casino. This would cause Oxford Casino's tax rate on net slot revenue to be reduced to 40% from the current 46% rate, resulting in an estimated annual OSRF revenue loss of \$3,032,560 starting in the year the new southern Maine casino becomes operational and makes distributions to all three recipients.

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 \$379,070 and OSRF revenue loss of \$5,134,388 when the southern Maine casino becomes operational. 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 when the new southern Maine casino becomes operational, until a new distribution of slot machine and table game revenue is established in law. This results in an estimated annual General Fund revenue decrease of \$8,382,405 and an annual OSRF revenue increase of \$8,382,405. The bill requires the new distribution to be 40% of net slot machine revenue and 16% of net table game revenue for both Oxford Casino and Hollywood Casino, resulting in an estimated annual OSRF revenue loss of \$2,285,711 at the time the new tax rates become law. Due to the recipients of future net slot machine and net table game distributions being unknown at this time, there is no current estimate on the amount of net slot machine and net table game revenue that would go to the General Fund and OSRF.

The additional costs to the Office of the Attorney General are expected to be minor.

	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	Annual
<u>General Fund</u>	Estimate
General Fund for Southern Maine Casino	\$1,257,931
Oxford Casino revenue reduced from Southern Maine Casino	(\$379,070)
Oxford Casino revenue was GF, now OSRF	(\$1,516,280)
Hollywood Casino revenue was GF, now OSRF	<u>(\$6,866,125)</u>
Total General Fund Revenue	(\$7,503,544)
Casino Operator License - 1st year Only, Renewed After 20 Years	\$5,000,000
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
<u>Other Special Revenue Funds</u>	
Gambling Control Board - Annual Registration Fees	\$126,400
Department of Transportation Highway and Bridge Capital Program	\$5,092,243
Fund to Supplement Harness Racing Purses	\$3,734,311
Fund to Reform Veterans Services	\$5,808,975
County Where Slot Machines are Located	\$678,966
Gambling Addiction Prevention and Treatment Fund	\$100,000
Sire Stakes Fund	\$1,018,449
Agricultural Fair Support Fund	\$1,018,449
Fund to Stabilize Off-track Betting Facilities	\$678,966
Municipality Where Slot Machines are Located	\$678,966
Abutting Municipalities	\$678,966
Oxford County	\$509,224
Penobscot County	\$509,224
City of Bangor	\$339,483
Town of Oxford	\$339,483
Department of Education	\$3,055,346
University of Maine Scholarship System and Maine Maritime Academy Scholarships	\$1,018,449
Maine Community College System Scholarships	\$1,018,449
Penobscot Nation, Passamaquoddy Tribe, Houlton Band of Maliseet Indians and Aroostook Band of Micmacs	\$1,106,714
Fund for a Healthy Maine	\$210,479
Maine Milk Pool	\$40,738
Oxford Casino Revenue Reduced	(\$8,166,948)
Hollywood Casino Revenue Reduced	(\$2,285,711)
Oxford Casino Revenue was GF, now OSRF	\$1,516,280
Hollywood Casino Revenue was GF, now OSRF	<u>\$6,866,125</u>
Total Other Special Revenue Funds Revenue	\$25,692,023
Casino Operator License - 1st Year Only, Renewed After 20 Years	\$50,000,000
Total Revenue - All Funds	\$18,188,480
Summary of Expenditure Impacts to the State	
Other Special Revenue Funds	
-- Public Safety	\$126,400
General Fund	
-- Public Safety	<u>\$637,305</u>
Total Expenditure Impacts to the State	\$763,705