

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1283

S.P. 458

In Senate, April 9, 2015

**An Act To Stimulate Economic Development and Create Jobs by
Amending the Laws Governing Gaming**

Reference to the Committee on Veterans and Legal Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator VALENTINO of York.
Cosponsored by Representative RUSSELL of Portland and
Senators: DIAMOND of Cumberland, DUTREMBLE of York, WILLETTE of Aroostook,
Representatives: BEAR of the Houlton Band of Maliseet Indians, CHENETTE of Saco,
FREDETTE of Newport, MAREAN of Hollis, PARRY of Arundel.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 8 MRSA §1011, sub-§2-B**, as enacted by PL 2011, c. 699, §1, is repealed.

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

4 **2-C. Licenses for a slot machine facility or casino issued after January 1, 2015.**
5 Beginning January 1, 2015, the board may not accept any application for an initial license
6 to operate a slot machine facility, casino or any other gambling facility for which the
7 board has licensing authority where slot machines or table games may be operated unless
8 that application is submitted by a successful bidder selected as prescribed by section
9 1011-A to operate a slot machine facility, casino or other gambling facility for which the
10 board has licensing authority. This subsection does not apply to a casino licensed for
11 operation in the State as of December 31, 2014 unless the operator to whom that casino
12 license is issued changes.

13 **Sec. 3. 8 MRSA §1011, sub-§3**, as amended by PL 2011, c. 417, §3, is further
14 amended to read:

15 **3. Requirements for license; continued commercial track licensure.** The board
16 may not issue a license to operate a slot machine facility or a casino to any person unless
17 that person demonstrates compliance with the qualifications set forth in sections 1016 and
18 1019. To maintain eligibility for a slot machine operator license or a casino operator
19 license under subsection 2-A issued to a commercial track with slot machines, a licensed
20 commercial track must at all times maintain a license to operate a commercial track
21 without lapse, suspension or revocation. This subsection applies to a commercial track
22 that is issued a license by the board as a successful bidder pursuant to the competitive bid
23 process prescribed by section 1011-C.

24 **Sec. 4. 8 MRSA §§1011-A to 1011-J** are enacted to read:

25 **§1011-A. Commissioner of Administrative and Financial Services to administer**
26 **competitive bidding for privilege to submit application to operate;**
27 **applications considered by board**

28 Notwithstanding any provision of this chapter to the contrary, the Commissioner of
29 Administrative and Financial Services may, consistent with the competitive bid process
30 set out in Title 5, chapter 155, subchapter 1-A, administer a competitive bid process for
31 the privilege to operate a casino in each region as described in section 1011-B. A
32 successful bidder is awarded the privilege to operate a casino subject to the consideration
33 and approval of an application submitted to the board in accordance with this chapter.

34 **§1011-B. Regions established; operator licenses limited to one per region**

35 The board may not issue more than one license for the operation of a slot machine
36 facility, casino or any other gambling facility for which the board has licensing authority
37 per region as described by this section.

1 **1. Region 1.** Region 1 comprises the County of York and the Town of Scarborough
2 in Cumberland County.

3 **2. Region 2.** Region 2 comprises the counties of Oxford, Franklin, Androscoggin
4 and Kennebec and the County of Cumberland excluding the Town of Scarborough.

5 **3. Region 3.** Region 3 comprises the counties of Penobscot, Somerset, Waldo,
6 Lincoln, Sagadahoc and Knox.

7 **4. Region 4.** Region 4 comprises the counties of Washington and Hancock.

8 **5. Region 5.** Region 5 comprises the counties of Aroostook and Piscataquis.

9 **§1011-C. Region 1 minimum bid and facility requirements; fees**

10 **1. Region 1 casino.** No sooner than January 1, 2016 and no later than March 31,
11 2016, the Commissioner of Administrative and Financial Services shall solicit bids for
12 the privilege to operate a casino in Region 1 as described by section 1011-B. Submitted
13 bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee
14 must be used to mitigate the costs of administering the competitive bid process and meet
15 the costs of the board for processing the successful bidder's application and the
16 performance of necessary background checks and investigations. The minimum bid for a
17 casino operator license pursuant to this section is \$50,000,000. When considering bids
18 for a proposed casino, the commissioner shall give preference to a bidder who is working
19 with or on behalf of an operator of an existing commercial harness racing track located
20 within the region. A proposal for a casino submitted subject to the competitive bid
21 process must include:

22 A. A casino design that allows for the operation of at least 750 slot machines and 20
23 table games;

24 B. A design for hotel accommodations that include at least 100 high-quality guest
25 rooms and conference space; and

26 C. At least one full-service restaurant.

27 **§1011-D. Region 2 minimum bid and facility requirements; fees**

28 **1. Region 2 casino.** If a casino operated in Region 2 as of January 1, 2015 ceases
29 operation, the Commissioner of Administrative and Financial Services shall solicit bids
30 for the privilege to operate a casino in Region 2 as described by section 1011-B.
31 Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The
32 privilege fee must be used to mitigate the costs of administering the competitive bid
33 process and meet the costs of the board for processing the successful bidder's application
34 and the performance of necessary background checks and investigations. The minimum
35 bid for a casino operator license pursuant to this section is \$15,000,000. A proposal for a
36 casino submitted subject to the competitive bid process must include:

37 A. A casino design that allows for the operation of at least 750 slot machines and 20
38 table games;

1 B. A design for hotel accommodations that include at least 100 high-quality guest
2 rooms and conference space; and

3 C. At least one full-service restaurant.

4 **§1011-E. Region 3 minimum bid and facility requirements; fees**

5 **1. Region 3 casino.** If a casino operated in Region 3 as of January 1, 2015 ceases
6 operation, the Commissioner of Administrative and Financial Services shall solicit bids
7 for the privilege to operate a casino in Region 3 as described by section 1011-B.
8 Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The
9 privilege fee must be used to mitigate the costs of administering the competitive bid
10 process and meet the costs of the board for processing the successful bidder's application
11 and the performance of necessary background checks and investigations. The minimum
12 bid for a casino operator license pursuant to this section is \$15,000,000. A proposal for a
13 casino submitted subject to the competitive bid process must include:

14 A. A casino design that allows for the operation of at least 750 slot machines and 20
15 table games;

16 B. A design for hotel accommodations that include at least 100 high-quality guest
17 rooms and conference space; and

18 C. At least one full-service restaurant.

19 **§1011-F. Region 4 minimum bid and facility requirements; fees**

20 **1. Region 4 casino.** No sooner than January 1, 2016 and no later than March 31,
21 2016, the Commissioner of Administrative and Financial Services shall solicit bids for
22 the privilege to operate a casino in Region 4 as described by section 1011-B. Submitted
23 bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee
24 must be used to mitigate the costs of administering the competitive bid process and meet
25 the costs of the board for processing the successful bidder's application and the
26 performance of necessary background checks and investigations. The minimum bid for a
27 casino operator license pursuant to this section is \$5,000,000. When considering bids for
28 a proposed casino, the commissioner shall give preference to a federally recognized
29 Indian tribe in the State that was eligible to operate high-stakes beano on January 1, 2014.
30 A proposal for a casino submitted subject to the competitive bid process must include:

31 A. A casino design that allows for the operation of at least 500 slot machines and 10
32 table games;

33 B. A design for hotel accommodations that include at least 50 high-quality guest
34 rooms and conference space; and

35 C. At least one full-service restaurant.

36 **§1011-G. Region 5 minimum bid and facility requirements; fees**

37 **1. Region 5 casino.** No sooner than January 1, 2018 and no later than March 31,
38 2018, the Commissioner of Administrative and Financial Services shall solicit bids for
39 the privilege to operate a casino in Region 5 as described by section 1011-B. Submitted
40 bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee

1 must be used to mitigate the costs of administering the competitive bid process and meet
2 the costs of the board for processing the successful bidder's application and the
3 performance of necessary background checks and investigations. The minimum bid for a
4 casino operator license pursuant to this section is \$5,000,000. When considering bids for
5 a proposed casino, the commissioner shall give preference to a federally recognized
6 Indian tribe in the State that was eligible to operate high-stakes beano on January 1, 2014.
7 A proposal for a casino submitted subject to the competitive bid process must include:

8 A. A casino design that allows for the operation of at least 500 slot machines and 10
9 table games;

10 B. A design for hotel accommodations that include at least 50 high-quality guest
11 rooms and conference space; and

12 C. At least one full-service restaurant.

13 **§1011-H. Slot machine and table game operation contingent upon facility**
14 **construction**

15 A casino operator licensed pursuant to section 1011-C, 1011-D, 1011-E, 1011-F or
16 1011-G may not begin operation of slot machines or table games prior to the payment of
17 the license fee in full and completion of all phases of construction of the facility proposed
18 in the bid submitted to the board.

19 **§1011-I. License fees for casinos authorized by competitive bid deposited to General**
20 **Fund**

21 License fees submitted by successful bidders for a casino who have been issued a
22 license by the board pursuant to the competitive bid process in section 1011-A must be
23 deposited into the General Fund.

24 **§1011-J. License term for casinos authorized by competitive bid**

25 Notwithstanding section 1018, the bid submitted by the successful bidder who is
26 subsequently granted a casino operator license by the board pursuant to the competitive
27 bid process in section 1011-A entitles the operator to a casino operator license for a
28 period of 20 years. After 20 years, the operator shall negotiate with the board for a fee,
29 not less than the fee proposed in the submitted bid, that will authorize continued
30 operation of the casino.

31 **Sec. 5. 8 MRSA §1018, sub-§1, ¶C-1,** as amended by PL 2011, c. 417, §4, is
32 further amended to read:

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

1 casino operator is licensed. Each gaming table is also subject to an annual gaming
2 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to
3 conduct any authorized table game at the gaming table during the 20-year period. A
4 casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not
5 required to pay the gaming table fees until after one calendar year of table game
6 operation. Fees collected in accordance with this paragraph must be deposited to the
7 Gambling Control Board administrative expenses Other Special Revenue Funds
8 account, which is a nonlapsing dedicated account. This paragraph does not apply to
9 casinos authorized pursuant to a competitive bid process under section 1011-A and
10 licensed by the board after January 1, 2015.

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

12 **Sec. 7. 8 MRSA §1018, sub-§2**, as enacted by PL 2003, c. 687, Pt. A, §5 and
13 affected by Pt. B, §11, is amended to read:

14 **2. Term of license; renewal, renewal fees.** ~~All~~ Except as provided by section
15 1011-J, licenses issued by the board under this chapter are effective for one year, unless
16 revoked or surrendered pursuant to subchapter 5. Upon proper application and payment
17 of the required fees and taxes and in accordance with rules adopted by the board, the
18 board may renew a license for an additional year if municipal approval has been obtained
19 as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required
20 by subsection 1, paragraph C to the municipality in which the slot machines are operated.

21 **Sec. 8. 8 MRSA §1018, sub-§3**, as enacted by PL 2003, c. 687, Pt. A, §5 and
22 affected by Pt. B, §11, is amended to read:

23 **3. Not transferable; applicant must be operator.** A license issued under this
24 chapter is not transferable or assignable and is valid only when used by the applicant at
25 the location specified in the application.

26 **Sec. 9. 8 MRSA §1019, sub-§6**, as amended by PL 2011, c. 417, §5, is further
27 amended to read:

28 **6. Proximity of licensed casinos and slot machine facilities.** A casino operator
29 license or slot machine operator license may not be issued under this chapter to operate
30 any casino or slot machine facility located within 100 miles of a licensed casino or slot
31 machine facility. This subsection does not prohibit a commercial track that was licensed
32 to operate slot machines on January 1, 2011 from obtaining a casino operator license for
33 the same facility where slot machines were operated as of January 1, 2011. This
34 subsection does not apply to a casino operator license issued pursuant to a competitive
35 bid process under section 1011-A in Region 1 and Region 4 as described by section
36 1011-B.

37 **Sec. 10. 8 MRSA §1019, sub-§7**, as amended by PL 2011, c. 417, §6, is repealed.

38 **Sec. 11. 8 MRSA §1020, sub-§3, ¶A**, as amended by PL 2011, c. 585, §8, is
39 further amended to read:

1 A. Except for slot machines used for training and educational purposes at
2 postsecondary institutions as provided by section 1011, subsection 1-B, the total
3 number of slot machines registered in the State may not exceed ~~3,000~~ 6,000; and

4 **Sec. 12. 8 MRSA §1036-A** is enacted to read:

5 **§1036-A. Distribution of slot machine and table game income from casino in Region**
6 **1 licensed pursuant to competitive bidding**

7 Notwithstanding section 1036, subsections 1, 2, 2-A, 2-B and 2-C, upon the operation
8 of a casino in Region 1 licensed pursuant to competitive bidding in accordance with
9 section 1011-C, each casino or slot machine facility licensed under this chapter by the
10 board shall collect and distribute income from the operation of slot machines and table
11 games as required by this section.

12 **1. Distribution of slot machine income from all casinos and slot machine**
13 **facilities upon operation of a casino in Region 1 issued a license pursuant to**
14 **competitive bidding.** Upon the operation of a casino in Region 1 licensed pursuant to
15 competitive bidding pursuant to section 1011-C, each slot machine facility and casino
16 licensed under this chapter shall submit 1% of gross slot machine income to the Treasurer
17 of State for deposit in the General Fund. A casino operator shall submit 39% of net slot
18 machine income to the board, which shall distribute that income as follows:

19 A. Two percent of the net slot machine income must be deposited to the Gambling
20 Control Board administrative expenses Other Special Revenue Funds account, which
21 is a nonlapsing dedicated account;

22 B. One percent of the net slot machine income must be forwarded by the board to the
23 Gambling Addiction Prevention and Treatment Fund established by Title 5, section
24 20006-B;

25 C. One percent of the net slot machine income must be forwarded directly to the
26 municipality in which the slot machines are located;

27 D. Two percent of the net slot machine income must be forwarded directly, in equal
28 proportion, to each municipality abutting the municipality in which the slot machines
29 are located;

30 E. Two percent of the net slot machine income must be forwarded directly to the
31 county in which the slot machines are located;

32 F. Ten percent of the net slot machine income must be forwarded directly by the
33 board to the Treasurer of State, who shall credit the money to the Department of
34 Education, to be used to supplement and not to supplant funding for essential
35 programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

36 G. Five percent of the net slot machine income must be forwarded by the board to
37 the Finance Authority of Maine to be used for grants for students under the Maine
38 State Grant Program established in Title 20-A, chapter 419-A;

39 H. Seven percent of the net slot machine income must be forwarded by the board to
40 the Department of Economic and Community Development to be distributed as
41 follows:

1 (1) Three percent of the net slot machine income must be forwarded to the
2 Finance Authority of Maine for economic development programs under Title 10,
3 sections 1023-C, 1026-L, 1026-M and 1026-N;

4 (2) Three percent of the net slot machine income must be forwarded to the
5 Maine International Trade Center established by Title 10, chapter 107-B; and

6 (3) One percent of the net slot machine income must be used for the Governor's
7 Jobs Initiative Program under Title 26, section 2031;

8 I. Five percent of the net slot machine income must be forwarded by the board to the
9 Department of Agriculture, Conservation and Forestry to be distributed as follows:

10 (1) One percent of the net slot machine income must be deposited in the
11 agricultural development fund under Title 7, section 306-A;

12 (2) One percent of the net slot machine income must be deposited in the Stipend
13 Fund under Title 7, section 86; and

14 (3) Three percent of the net slot machine income must be used for the
15 horsemen's purse share pursuant to section 292;

16 J. Two percent of the net slot machine income must be forwarded by the board to the
17 Department of Labor for the purpose of supporting existing and establishing new
18 locations throughout the State to facilitate workforce training and career development
19 services; and

20 K. Two percent of the net slot machine income must be divided equally among and
21 forwarded to federally recognized Indian tribes in the State who are not licensed
22 under this chapter to operate a casino.

23 **2. Distribution of table game income from all casinos upon operation of a casino**
24 **in Region 1 issued a license pursuant to competitive bidding.** Upon the operation of a
25 casino in Region 1 that has been issued a license pursuant to competitive bidding under
26 section 1011-C, each casino licensed under this chapter shall collect and distribute 16%
27 of net table game income from table games operated by the casino operator to the board
28 for deposit in the General Fund.

29 **3. Use of slot machine income and table game income for other purposes**
30 **restricted.** Net slot machine income and net table game income required to be forwarded
31 to the board for distribution in accordance with this section may not be used for any other
32 purpose unless specifically authorized. Authorization for use of this income for any other
33 purpose than as prescribed by this section must be provided in a manner that reduces all
34 required distributions in equal proportion.

35 **4. Failure to deposit funds.** A slot machine operator or casino operator who
36 knowingly or intentionally fails to comply with this section commits a Class C crime. In
37 addition to any other sanction available by law, the license of the operator may be
38 revoked by the board and the slot machines or table games operated by that slot machine
39 operator or casino operator may be disabled, and the slot machines or table games, slot
40 machines' or table games' proceeds and associated equipment may be confiscated by the
41 board and are subject to forfeiture under Title 17-A, section 959 or 960.

