

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1446

H.P. 990

House of Representatives, June 16, 2015

**An Act To Authorize a Casino To Benefit Federally Recognized
Indian Tribes in the State**

Reported by the Majority from the Joint Standing Committee on Veterans and Legal
Affairs pursuant to Resolve 2013 chapter 111, section 3.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

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

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

3 **32-A.**

4 Sport and Casino Development Legislative Per 8 MRSA §1005-A
5 Entertainment Commission Diem and Expenses

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

7 **6-A. Commission.** "Commission" means the Casino Development Commission
8 created under section 1005-A.

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

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

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

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

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

20 **§1005-A. Casino Development Commission**

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

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

33 **3. Term of office.** Members of the commission serve 3-year terms, except that the
34 Governor shall initially appoint one member for a term of one year, 2 members for a term
35 of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for
36 the remainder of the unexpired term of that member. Members whose terms expire serve

1 until their successors are appointed and confirmed. Members may serve no more than 2
2 full consecutive terms on the commission.

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

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

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

10 **7. Conflict of interest.** In addition to the restrictions imposed pursuant to Title 5,
11 section 18, a commission member may not participate in any matter before the
12 commission in which the commission member has a personal bias or any other conflict of
13 interest as the commission determines, either on the commission's own motion or in
14 response to a written complaint. During a commission member's term of service and for
15 5 years after the end of that commission member's service, any person with a direct and
16 substantial interest in a gambling activity or gambling facility, including accommodations
17 and amenities associated with a gambling facility, may not employ or be represented by
18 the commission member or a member of the commission member's immediate family.
19 For the purposes of this subsection, "direct and substantial" means ownership or control
20 of more than 10% of the voting securities of a gambling facility, of an associated
21 accommodation or associated amenity of a gambling facility or of an entity in contract,
22 consort or cooperation with a gambling facility key executive.

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

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

25 **2-C. Persons eligible for casino operator license on or after January 1, 2015.**
26 Beginning January 1, 2015, the board may not accept an application for an initial license
27 to operate a casino, slot machine facility or any other gambling facility for which the
28 board has licensing authority, unless that application is submitted by a successful bidder
29 for the privilege to submit an application to the board chosen pursuant to section 1011-B
30 and the applicant has received approval to operate a casino by the voters of the
31 municipality where the casino will be located.

32 **Sec. 8. 8 MRSA §§1011-A and 1011-B** are enacted to read:

33 **§1011-A. County referendum**

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

37 **1. Secretary of State to prepare ballots and returns.** Notwithstanding any law to
38 the contrary, upon notification by the county commissioners of the date of a statewide
39 election no sooner than June 1, 2016 and no later than July 1, 2017 at which a county has

1 determined the county will hold a referendum asking voters of the county to authorize the
2 operation of a casino subject to a competitive bid process, the Secretary of State shall
3 prepare and furnish to each city, town and plantation in that county ballots and returns for
4 an election to be held no sooner than June 1, 2016 and no later than July 1, 2017. The
5 ballots must be received, sorted, counted and declared in open ward, town and plantation
6 meetings and returns made to the Secretary of State in the same manner as votes for
7 members of the Legislature. The Secretary of State shall determine the wording of the
8 question to be submitted to the voters of the county.

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

18 **§1011-B. Privilege to submit a casino operator license application for a northern**
19 **casino pursuant to competitive bidding**

20 The privilege to submit an application to the board for a casino operator license for a
21 casino in Washington County or Aroostook County is governed by this section.

22 **1. Commission required to request statements from federally recognized Indian**
23 **tribes.** Prior to developing a request for proposals for the privilege to apply to the board
24 for a casino operator license for a casino in Washington County or Aroostook County, the
25 commission shall request a statement from each of the 4 federally recognized Indian
26 tribes in the State with regard to their support of and interest in entering into a partnership
27 agreement relative to the operation of or ownership in a casino, or both, and whether the
28 tribe wishes not to be included in such a partnership.

29 **2. Request for proposals to include tribal partnership.** A request for proposals
30 developed by the commission must require a partnership agreement with all of the tribes
31 that provided a statement to the commission indicating that they wished to be included in
32 a partnership for the operation of or ownership in a casino, except that the commission
33 may not submit a request for proposals if more than 2 of the federally recognized Indian
34 tribes in the State provided a statement under subsection 1 to the commission indicating
35 that they do not wish to be included in such a partnership.

36 **3. County approval.** If the voters of either Washington County or Aroostook
37 County, or both, approve the operation of a casino pursuant to a referendum held in
38 accordance with section 1011-A, the commission shall develop a request for proposals
39 designed to encourage vigorous bidding for the purpose of awarding one bidder the
40 privilege to submit an application to the board for a casino operator license. The
41 commission shall request bids for the privilege to submit an application to the board for
42 one casino to be operated in either Washington County or Aroostook County, except that

1 bids may not be requested for a proposal in a county in which the voters rejected the
2 operation of a casino.

3 **4. Information to bidders.** A request for proposals developed by the commission
4 must instruct potential bidders to propose the scope of the gambling facility and amenities
5 to be offered in conjunction with the facility and how the proposed casino will establish a
6 socially responsible, economically successful business for the operator, considering
7 license fees, minimum capital investment requirements, regulatory standards and required
8 rates of revenue distribution. The request for proposals must list the federally recognized
9 Indian tribes in the State that provided a statement under subsection 1 to the commission
10 indicating that they wished to be included in a partnership for the operation of or
11 ownership in a casino and require a bid submission to include a partnership agreement
12 that includes each of the tribes listed.

13 Nothing in this section precludes an entity that is not a federally recognized Indian tribe
14 from submitting a bid to the commission as long as the entity that is not a federally
15 recognized Indian tribe has entered into a partnership agreement with the federally
16 recognized Indian tribes that provided a statement to the commission indicating that they
17 wished to be in a partnership for the operation of or ownership in a casino. The
18 commission may require submission of documented expert analysis from a bidder to
19 support the proposals submitted by the bidder.

20 **5. Consideration of bids for privilege to submit casino operator license**
21 **application to the board for a northern casino.** A bidder seeking award of the
22 privilege to submit an application to the board for a license to operate a casino in
23 Washington County or Aroostook County shall comply with the requirements determined
24 by the commission, including the requirement that proposals include a partnership with at
25 least 2 federally recognized Indian tribes in the State regarding operation of the casino or
26 ownership in the casino, or both. The commission shall require that a proposal for the
27 privilege to submit an application to the board for the operation of a casino include a
28 nonrefundable application fee of \$100,000 and an agreement to pay the costs of the board
29 for processing an application and performing background investigations, as described in
30 section 1018, subsection 1, if awarded the privilege to submit an application to the board
31 for a license to operate a casino. The commission shall ensure that the request for
32 proposals clearly identifies the deadline for submission and all bid requirements. The
33 commission shall follow, as nearly as practicable, the provisions governing competitive
34 bidding prescribed by Title 5, chapter 155, subchapter 1-A and rules adopted pursuant to
35 that subchapter.

36 **6. Request for proposals; factors; northern casino.** When considering bids
37 received in response to a request for proposals prescribed in this section for a location in
38 Washington County or Aroostook 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 \$20,000,000 for a casino facility. Land acquisition, license fees
42 and off-site improvements are not considered to be part of the minimum capital
43 investment;

- 1 (2) The potential gross and net income to be generated by the bidder based upon
2 documented, expert market analysis;
- 3 (3) The extent to which the bidder's market plans suit the character of the region
4 and the local population in a way that encourages residents of the State to choose
5 to patronize the bidder's proposed facility as opposed to gaming facilities in other
6 states or provinces;
- 7 (4) The extent to which the bidder's proposed gambling facility can reasonably
8 be expected to serve as a regional recreational gambling destination;
- 9 (5) The bidder's proposed capital investment in a gambling facility, proposed
10 amenities associated with the facility and timing of capital investment
11 expenditures in terms of ensuring the facility is profitable; and
- 12 (6) Other factors, properly disclosed in the commission's request for proposals,
13 that the commission determines to be relevant;
- 14 B. Economic development factors, including:
- 15 (1) The bidder's plan to be part of or enter into a partnership with 2 or more
16 federally recognized Indian tribes in the State and the extent to which the
17 proposed gambling facility will maximize employment opportunities and
18 economic benefits for all federally recognized Indian tribes in the State;
- 19 (2) The bidder's workforce development plan and the extent to which it will
20 maximize use of the region's existing labor force;
- 21 (3) The impact on economic development, existing and planned, in the region of
22 the proposed gambling facility; and
- 23 (4) Other factors, properly disclosed in the commission's request for proposals,
24 that the commission determines to be relevant;
- 25 C. Site location factors, including:
- 26 (1) The adequacy of transportation routes leading to the proposed location of the
27 gambling facility;
- 28 (2) Any negative impact of the proposed location of the gambling facility on the
29 municipality in which the facility is to be located, including but not limited to
30 traffic congestion, worsened road safety conditions and increased safety concerns
31 for pedestrian traffic;
- 32 (3) The proximity of the proposed location of the gambling facility to major
33 transportation routes and the Canadian border in order to maximize patronage
34 from cross-border traffic;
- 35 (4) The bidder's proposals for mitigating negative impacts identified under this
36 paragraph; and
- 37 (5) Other factors, properly disclosed in the commission's request for proposals,
38 that the commission determines to be relevant; and
- 39 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 proposed gambling facility is
8 located and the 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 **7. Bid award factor priorities; northern casino.** The commission shall develop a
12 system of assigning points to the factors required to be considered under subsection 6.
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 effects 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 commission shall request, and take
17 into consideration when awarding a bid, comment from members of the 4 federally
18 recognized Indian tribes in the State for the purpose of determining which proposal
19 provides the greatest employment opportunities and economic benefits to all of the 4
20 federally recognized Indian tribes. Development of a point system must ensure that
21 factors that support the following are awarded the highest point value:

22 A. The maximum potential increase in employment opportunities and economic
23 benefits for all federally recognized Indian tribes in the State; and

24 B. The representation and incorporation by the proposed casino of the character of
25 the State generally and, in particular, the character of the surrounding region
26 consistent with historic uses, local planning and zoning requirements.

27 **8. Notice of award.** Upon award of the privilege to submit an application for a
28 casino operator license to the board, the commission shall identify in a document
29 provided to all bidders and posted on the board's publicly accessible website how the
30 successful bidder's proposal supported the priorities described in subsection 7.

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

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

40 B. Disclosure of partnership agreements with at least 2 of the federally recognized
41 Indian tribes in the State and a framework of compensation to be paid to the parties in
42 the partnership for failure to abide by those agreements;

1 C. An agreement that, regardless of whether the casino is operated on land owned by
2 a federally recognized Indian tribe, tribal reservation land, tribal territory or land held
3 in trust by a tribe, the casino is subject to the provisions of this chapter and the laws
4 of the State, generally; and

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

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

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

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

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

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

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

1 C-2. The fee for a casino operator license for a casino in Washington County or
2 Aroostook County, issued in accordance with section 1011-B, is \$1,000,000, which
3 must be deposited to the General Fund and used for the administrative expenses of
4 the board. The license fee is separate from the nonrefundable application fee
5 required pursuant to section 1011-B, subsection 5 and the payment of costs to the
6 board for processing the application and performing background investigations.

7 C-3. The renewal fee for a casino operator license for a casino in Washington
8 County or Aroostook County, issued subsequent to the award by competitive bidding
9 in accordance with section 1011-B, is \$100,000 and is due 5 years after the initial fee
10 required under paragraph C-2 and every 5 years thereafter.

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

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

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

17 **2. Term of license; renewal, renewal fees.** ~~All~~ Except for slot machine operator
18 licenses and casino operator licenses issued on or after January 1, 2015, licenses issued
19 by the board under this chapter are effective for one year, unless revoked or surrendered
20 pursuant to subchapter 5. Upon proper application and payment of the required fees and
21 taxes and in accordance with rules adopted by the board, the board may renew a license
22 for an additional year if municipal approval has been obtained as provided in section
23 1012. The board shall transfer \$25,000 of the renewal fee required by subsection 1,
24 paragraph C to the municipality in which the slot machines are operated.

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

26 **2-A. Term of license issued on or after January 1, 2015.** A casino operator
27 license issued by the board pursuant to section 1011, subsection 2-C is effective for 5
28 years from the date of issuance unless revoked or surrendered pursuant to subchapter 5.

29 **2-B. Annual reinvestment requirements; northern casino.** A casino operator
30 licensed by the board pursuant to section 1011, subsection 2-C operating a casino in
31 Washington County or Aroostook County may deposit with the board the percentage of
32 net slot machine income and net table game income required as an annual reinvestment
33 pursuant to the contract executed in accordance with section 1011-B, subsection 9. The
34 board shall hold the funds in an interest-bearing, nonlapsing account. The casino
35 operator may request funds from the account for the purpose of making capital
36 investments or improvements to the casino facility. If there are funds in the account and
37 the casino ceases operation for a period of more than 90 days, the funds shall be
38 deposited to the General Fund.

39 **3-A. Licensee other than original applicant; contract applicable.** If a person
40 initially licensed to operate a casino in Washington County or Aroostook County
41 surrenders the license or the license is revoked, a subsequent licensee authorized to

1 operate the casino in accordance with this chapter is subject to the terms of the contract
2 required by and executed under section 1011-B, subsection 9. A subsequent licensee is
3 required to submit an application to the board and is subject to the licensing qualifications
4 prescribed under section 1016.

5 **Sec. 15. 8 MRSA §1019, sub-§6**, as amended by PL 2011, c. 417, §5, is further
6 amended to read:

7 **6. Proximity of licensed casinos and slot machine facilities.** A casino operator
8 license or slot machine operator license may not be issued under this chapter to operate
9 any casino or slot machine facility located within 100 miles of a licensed casino or slot
10 machine facility, except that a casino operator license may be issued pursuant to section
11 1011-B for a casino located in Washington County or Aroostook County if it is located at
12 least 75 miles from a licensed casino or slot machine facility. This subsection does not
13 prohibit a commercial track that was licensed to operate slot machines on January 1, 2011
14 from obtaining a casino operator license for the same facility where slot machines were
15 operated as of January 1, 2011.

16 **Sec. 16. 8 MRSA §1019, sub-§7**, as amended by PL 2011, c. 417, §6, is repealed.

17 **Sec. 17. 8 MRSA §1020, sub-§3**, as amended by PL 2011, c. 585, §8, is further
18 amended to read:

19 **3. Limits on total slot machines.** The board shall determine the number of slot
20 machines to be registered in the State for casinos initially licensed prior to January 1,
21 2015. The board shall make this determination based upon the minimum net slot
22 machine income, when distributed pursuant to section 1036, necessary to maintain the
23 harness horse racing industry in this State, except that:

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

28 B. A slot machine operator initially licensed prior to January 1, 2015 may not
29 operate more than 1,500 slot machines at any one commercial track and a casino
30 operator initially licensed prior to January 1, 2015 may not operate more than 1,500
31 slot machines at a casino; ~~and~~

32 C. A casino operating in Washington County or Aroostook County, licensed
33 pursuant to section 1011-B, may operate up to 250 slot machines for the 3 years after
34 commencement of slot machine operation at the casino and up to 350 machines after
35 3 years of slot machine operation at the casino.

36 **Sec. 18. 8 MRSA §1036, sub-§2-D** is enacted to read:

37 **2-D. Distribution of slot machine income and table game income from a**
38 **northern casino.** A casino operator licensed to operate a casino in Washington County
39 or Aroostook County pursuant to section 1011-B shall collect and distribute 46% of net
40 slot machine income and 16% of net table game income to the board. The distributions

1 must be held by the board until a distribution is established by the Legislature for net slot
2 machine income and net table game income generated by a casino.

3 **Sec. 19. Joint Standing Committee on Veterans and Legal Affairs**
4 **authorized to submit legislation.** The Joint Standing Committee on Veterans and
5 Legal Affairs is authorized to submit legislation to the Second Regular Session of the
6 127th Legislature establishing a manner of distribution of slot machine and table game
7 revenue that will apply to a casino licensed pursuant to the Maine Revised Statutes, Title
8 8, section 1011-B in either Washington County or Aroostook County and amending the
9 laws governing the issuance of casino operator licenses and the regulation of casinos
10 based on rules of the Gambling Control Board that currently govern those functions.

11 SUMMARY

12 This bill is presented by the Joint Standing Committee on Veterans and Legal Affairs
13 pursuant to Resolve 2013, chapter 111. The bill establishes a competitive bid process for
14 a casino in either Washington County or Aroostook County, the operation of which is
15 stated to maximize economic and employment benefits for the 4 federally recognized
16 Indian tribes in the State. The bill establishes the Casino Development Commission,
17 which is an independent board of 5 members appointed by the Governor and confirmed
18 by the Senate. The commission's purpose is to develop a request for proposals for the
19 privilege to submit an application to the Gambling Control Board for a casino operator
20 license. Prior to the commission's submitting a request for proposals for a casino operator
21 license in either Washington County or Aroostook County, voters would have to approve
22 the operation of a casino by a countywide referendum. The referendum must be held on
23 the same date as a statewide election and no sooner than June 1, 2016 and no later than
24 July 1, 2017. The fee to submit a bid to the commission is \$100,000. The bill provides
25 for specific supporting information to be submitted by the bidder and considered by the
26 commission including the bidder's ability to make a minimum \$20,000,000 capital
27 investment in the casino and partnership with at least 2 federally recognized Indian tribes
28 in the State.

29 Under the bill, the commission is directed to develop a point system for the factors to
30 be considered in evaluating proposals and give priority to proposals that maximize the
31 employment and economic benefits to federally recognized Indian tribes in the State. The
32 winning bidder must enter into a contract with the commission that obligates the casino
33 operator to abide by the proposals made in the winning bid. Failure to abide by the terms
34 of the contract could result in financial penalties to the operator.

35 The license fee for a casino under the bill is \$1,000,000 for a 5-year term with a
36 renewal fee of \$100,000.

37 The bill sets the distribution of net slot machine revenue for the casino at 46% and
38 sets the distribution of net table game revenue for the casino at 16%. The bill authorizes
39 the Joint Standing Committee on Veterans and Legal Affairs to submit legislation
40 establishing a distribution of the slot machine and table game revenue required to be paid
41 by the casino.



127th MAINE LEGISLATURE

LD

LR 2065(01)

An Act To Authorize a Casino To Benefit Federally Recognized Indian Tribes in the State

Fiscal Note for Original Bill
Committee: Veterans and Legal Affairs
Fiscal Note Required: Yes

Fiscal Note

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

Fiscal Detail and Notes

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

The bill 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 \$100,000 bidding fee to win the right to be the applicant. Any bidding fees will be credited to the General Fund. The Gambling Control Board will accept an application for a casino license in either Aroostook County or Washington 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 Aroostook or Washington County, may be licensed.

The facility would be taxed at the rate of 46% of net slot income and 16% of net table game income. The bill requires a casino, beginning no sooner than 5 years after operation of slot machines, to make capital improvements to the casino using 2% to 3% of both net slot machine and net table game income or direct those funds to the Gambling Control Board. This fiscal note assumes that the facility will not direct these funds to the Gambling Control Board. The bill limits the number of slot machines to 250 for the first 3 years of the casino's operation, then allows 350 slot machines after that. 250 slot machines and 10 table games for the first 3 years of the casino's operation would generate estimated annual revenue of \$7,166,711 credited to the Gambling Control Board. 350 slot machines and 10 table games starting in the fourth year of the casino's operation would generate estimated annual revenue of \$9,804,000 for the Gambling Control Board. This revenue will be retained within the board until the Legislature decides on a distribution.

Each non-refundable bid proposal will generate \$100,000 in General Fund revenue. The casino operator license will bring in General Fund revenue of \$1,000,000 in the first year and registration fees of \$100 per slot machine and per table game will generate Other Special Revenue Funds revenue of \$36,000 annually. A one-time renewal fee due five years after the casino begins operating will generate Other Special Revenue Funds revenue of \$100,000. Annual State costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510. The Department of Public Safety will require Other Special Revenue Funds allocations of \$523,510 to cover the annual state costs.

This legislation is expected to have only a minor impact on revenues generated by the Hollywood and Oxford casinos.

Summary of Casino Revenue	Annual Estimates	
	Years 1 - 3	Starting in Year 4
Gross Slot Income	\$139,156,250	\$194,818,750
Player Payback - Slot Income	\$124,823,156	\$174,752,419
Net Slot Income	\$14,333,094	\$20,066,331
Operator Share of Net Slot Income - 54%	\$7,739,871	\$10,835,819
Share of Net Slot Income to Gambling Control Board - 46%	\$6,593,223	\$9,230,512
Net Table Game Income	\$3,584,300	\$3,584,300
Operator Share of Net Table Game Income - 84%	\$3,010,812	\$3,010,812
Share of Net Table Game Income to Gambling Control Board - 16%	\$573,488	\$573,488
State Revenues - Other Special Revenue Funds		
Gambling Control Board (from 46% slot and 16% table income)	\$7,166,711	\$9,804,000
Registration fees @ \$100 per slot or table per year	\$26,000	\$36,000
License Renewal Fee - due after 5 years	\$100,000 (one-time)	
State Revenues - General Fund		
Bidding Fee - assumes 2 bidders	\$200,000 (one-time)	
Casino Operator License - 1st year only	\$1,000,000 (one-time)	
Summary of State Expenditures - Other Special Revenue Funds		
Public Safety - Gambling Control Board	\$523,510	\$523,510