

MAINE STATE LEGISLATURE

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BY
RON S

L.D. 1797

Date: 6/18/19 Minority

(Filing No. H-636)

VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 1276, L.D. 1797, Bill, "An Act To Amend the Advance Deposit Wagering Laws"

Amend the bill by inserting after section 2 the following:

'Sec. 3. 8 MRSA §1001, sub-§20-A is enacted to read:

20-A. Gross advance deposit wagering income. "Gross advance deposit wagering income" means the total amount of wagers placed via advance deposit wagering before payment of money to winning bettors.'

Amend the bill by inserting after section 4 the following:

'Sec. 5. 8 MRSA §1015, as amended by PL 2013, c. 212, §§13 and 14, is further amended to read:

§1015. Licensing of employees of slot machine and casino operators, slot machine and table game distributors, gambling services vendors and advance deposit wagering licensees

1. License required. A person may not be employed by a slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit wagering licensee unless the person is licensed to do so by the board, temporarily authorized as an employee pursuant to subsection 4 or granted a waiver by the board pursuant to subsection 3.

2. Requirements for license. The board may issue an employee license to an employee of a slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit wagering licensee if the applicant meets the qualifications set out in sections 1016 and 1019.

3. Requirements for waiver. Upon application by a slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit wagering licensee, the board may waive the employee license requirement under this section if the slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit

COMMITTEE AMENDMENT

ROFS

1 wagering licensee demonstrates to the board's satisfaction that the public interest is not
2 served by the requirement of the employee license.

3 **4. Employees authorized temporarily.** A new employee of a slot machine
4 operator, casino operator, slot machine distributor, table game distributor or, gambling
5 services vendor or advance deposit wagering licensee is temporarily authorized to work
6 in a position requiring an employee license pursuant to subsection 1 as of the date a
7 completed employee license application is received by the board. A completed employee
8 license application is composed of:

9 A. The completed form for application for an employee license approved by the
10 board;

11 B. Two complete sets of the fingerprints of the applicant;

12 C. The fee for processing the employee license application as prescribed by the
13 board; and

14 D. The results of the background investigation conducted by the employer.

15 If the department determines after receiving an employee license application under this
16 subsection that the application is incomplete, it may suspend the new employee's
17 temporary authorization until such time as the new employee files a completed
18 application.

19 Temporary authorization is not available for renewal of employee licenses.

20 **5. Termination of temporary authorization.** Unless suspended or revoked, a
21 temporary authorization under subsection 4 continues until the granting or denial of the
22 new employee's employee license application in accordance with sections 1016, 1017 and
23 1019 and any applicable rules adopted by the board. An applicant whose temporary
24 authorization is suspended or revoked is not eligible for employment in a position
25 requiring an employee license pursuant to subsection 1 until such time as the suspension
26 or revocation is withdrawn or an employee license is issued.

27 **Sec. 6. 8 MRSA §1016, sub-§1**, as amended by PL 2013, c. 212, §§15 to 18, is
28 further amended to read:

29 **1. Minimum qualifications.** Notwithstanding Title 5, chapter 341, and in addition
30 to any requirements imposed by rules adopted by the board, a person must satisfy the
31 following qualifications to be a slot machine operator, a casino operator, a slot machine
32 distributor, a table game distributor, a gambling services vendor, an advance deposit
33 wagering licensee or an employee of these entities:

34 A. The person has completed the application form, promptly and truthfully complied
35 with all information requests of the board and complied with any applicable rules
36 adopted by the board;

37 B. The person has sufficient financial assets and responsibility to meet any financial
38 obligations imposed by this chapter and, if applying for a slot machine operator
39 license, casino operator license, slot machine operator license renewal or casino
40 operator license renewal, has sufficient financial assets and responsibility to continue
41 operation of a commercial track or casino;

ROFS

1 B-1. If applying for an advance deposit wagering license or advance deposit
2 wagering license renewal under section 1073, subsection 1, paragraph A or B, the
3 person has sufficient financial assets and responsibility to continue operation of a
4 commercial track or off-track betting facility;

5 C. The person has not knowingly or recklessly made a false statement of material
6 fact in applying for a license under this chapter or any gambling-related license in
7 any other jurisdiction;

8 D. In the case of a person applying to be a slot machine operator ~~or~~ casino operator
9 or advance deposit wagering licensee, the person has sufficient knowledge and
10 experience in the business of operating slot machines ~~or~~ casinos or advance deposit
11 wagering to effectively operate the slot machine facilities ~~or~~ casino or advance
12 deposit wagering to which the license application relates in accordance with this
13 chapter and the rules and standards adopted under this chapter; and

14 F. If the applicant is a business organization, the applicant is organized in this State,
15 although that business organization may be a wholly or partially owned subsidiary of
16 an entity that is organized pursuant to the laws of another state or a foreign country.

17 Except as provided by section 1013, subsection 3 and section 1013-A, subsection 3, a
18 person may not hold more than one class of license under this chapter unless the 2nd
19 license is an employee license under section 1015.'

20 Amend the bill by striking out all of sections 6 and 7 and inserting the following:

21 'Sec. 6. 8 MRSA §1072, as enacted by PL 2015, c. 499, §8, is amended to read:

22 **§1072. Distribution of advance deposit wagering revenue**

23 ~~The net commission established in the contract executed pursuant to section 1071,~~
24 ~~subsection 3 must be distributed according to this section.~~ Gross advance deposit
25 wagering income must be distributed by the board according to this section, except that
26 an advance deposit wagering licensee may not receive a distribution of gross advance
27 deposit wagering income.

28 **1. Distribution of revenue from wagers placed on races conducted in State.** An
29 advance deposit wagering licensee shall collect ~~the net commission~~ 0.5% of gross
30 advance deposit wagering income from wagers placed with the licensee on races
31 conducted at tracks in the State and distribute it to the board for distribution as follows.

32 A. Ten percent of the ~~net commission~~ amount collected under this subsection must
33 be deposited directly to the General Fund.

34 B. Twenty percent of the ~~net commission~~ amount collected under this subsection
35 must be distributed to all off-track betting facilities licensed under section 275-D so
36 that each off-track betting facility receives the same amount.

37 C. One percent of the ~~net commission~~ amount collected under this subsection must
38 be distributed to the Sire Stakes Fund established under section 281.

39 D. Ten percent of the ~~net commission~~ amount collected under this subsection must
40 be distributed to the Agricultural Fair Support Fund established under Title 7, section
41 91 except that, notwithstanding Title 7, section 91, subsection 2, paragraph A, no

ROFS

1 portion of the distribution required by this paragraph may be distributed to a
2 commercial track.

3 E. Twenty-four percent of the ~~net-commission~~ amount collected under this
4 subsection must be distributed to the fund established under section 298 to
5 supplement harness racing purses.

6 F. Twenty percent of the ~~net-commission~~ amount collected under this subsection
7 must be distributed to the track where the race upon which the wager was placed was
8 conducted.

9 G. Fifteen percent of the ~~net-commission~~ amount collected under this subsection
10 must be distributed to all commercial tracks, with each commercial track receiving a
11 portion determined by multiplying that 15% times a fraction, the numerator of which
12 is the minimum number of days of racing the commercial track is required by law to
13 conduct annually in order to retain its commercial track license and the denominator
14 of which is the sum of the number of days of racing all the commercial tracks are
15 required to conduct in order to retain their commercial track licenses.

16 **2. Distribution of revenue from wagers placed on races conducted outside State.**
17 An advance deposit wagering licensee shall collect ~~the net-commission~~ 0.5% of gross
18 advance deposit wagering income from wagers placed with the licensee on races
19 conducted at tracks outside the State and distribute it to the board for distribution as
20 follows.

21 A. Ten percent of the ~~net-commission~~ amount collected under this subsection must
22 be deposited directly to the General Fund.

23 B. Thirty-six percent of the ~~net-commission~~ amount collected under this subsection
24 must be distributed to all off-track betting facilities licensed under section 275-D so
25 that each off-track betting facility receives the same amount.

26 C. One percent of the ~~net-commission~~ amount collected under this subsection must
27 be distributed to the Sire Stakes Fund established under section 281.

28 D. Ten percent of the ~~net-commission~~ amount collected under this subsection must
29 be distributed to the Agricultural Fair Support Fund established under Title 7, section
30 91 except that, notwithstanding Title 7, section 91, subsection 2, paragraph A, no
31 portion of the distribution required by this paragraph may be distributed to a
32 commercial track.

33 E. Seven percent of the ~~net-commission~~ amount collected under this subsection must
34 be distributed to the fund established under section 298 to supplement harness racing
35 purses.

36 F. Thirty-six percent of the ~~net-commission~~ amount collected under this subsection
37 must be distributed to all commercial tracks, with each commercial track receiving a
38 portion determined by multiplying that 36% times a fraction, the numerator of which
39 is the minimum number of days of racing the commercial track is required by law to
40 conduct annually in order to retain its commercial track license and the denominator
41 of which is the sum of the number of days of racing all the commercial tracks are
42 required to conduct in order to retain their commercial track licenses.

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Sec. 7. 8 MRSA §1073 is enacted to read:

§1073. Advance deposit wagering license

1. Eligibility. To receive an advance deposit wagering license from the board, an entity must meet the requirements of this section and the rules adopted by the board under section 1003, subsection 2, paragraph U and must be:

- A. A commercial track licensed under section 271;
- B. An off-track betting facility licensed under section 275-D; or
- C. A multijurisdictional account wagering provider.

2. Authority to conduct advance deposit wagering. An advance deposit wagering license issued by the board under this section grants a licensee authority to conduct advance deposit wagering in this State, including accepting deposits and wagers from account holders. An advance deposit wagering licensee may accept a wager from an advance deposit wagering account holder in person or by telephone, Internet, mobile device, electronic communication or, if approved by the board, other electronic media.

3. Contract. Advance deposit wagering may be conducted directly by an advance deposit wagering licensee or through such a licensee entering into a contract with a provider of advance deposit wagering services located within the United States.

4. Conditions of licensure. An advance deposit wagering licensee shall:

- A. Purchase a bond to secure the accounts of advance deposit wagering bettors; and
- B. Use a system to conduct advance deposit wagering to ensure that bettors who establish accounts to place bets on horse racing via advance deposit wagering are 18 years of age or older and residents of the State.

5. Application fee. The board shall require a nonrefundable application fee of \$1,000 for a license under this section and an applicant must pay the costs of the board for processing an application and performing background investigations.

6. License fee; term; renewal. A license issued under this section authorizes the licensee to conduct advance deposit wagering for a period of 5 years. The fee for a license to conduct advance deposit wagering is \$500. The renewal fee for a license to conduct advance deposit wagering is \$250.

Sec. 8. Appropriations and allocations. The following appropriations and allocations are made.

AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF

Harness Racing Commission 0320

Initiative: Provides allocation for expenditure of gross advance deposit wagering income.

OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
All Other	\$270	\$284
	_____	_____

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COMMITTEE AMENDMENT "B" to H.P. 1276, L.D. 1797

1	OTHER SPECIAL REVENUE FUNDS TOTAL	\$270	\$284
2	AGRICULTURE, CONSERVATION AND		
3	FORESTRY, DEPARTMENT OF		
4	DEPARTMENT TOTALS	2019-20	2020-21
5			
6	OTHER SPECIAL REVENUE FUNDS	\$270	\$284
7			
8	DEPARTMENT TOTAL - ALL FUNDS	<u>\$270</u>	<u>\$284</u>
9	PUBLIC SAFETY, DEPARTMENT OF		
10	Gambling Control Board Z002		
11	Initiative: Provides appropriation for one Public Safety Manager II position and		
12	associated All Other costs.		
13	GENERAL FUND	2019-20	2020-21
14	POSITIONS - LEGISLATIVE COUNT	1,000	1,000
15	Personal Services	\$87,638	\$122,168
16	All Other	\$5,408	\$5,460
17			
18	GENERAL FUND TOTAL	<u>\$93,046</u>	<u>\$127,628</u>
19	PUBLIC SAFETY, DEPARTMENT OF		
20	DEPARTMENT TOTALS	2019-20	2020-21
21			
22	GENERAL FUND	\$93,046	\$127,628
23			
24	DEPARTMENT TOTAL - ALL FUNDS	<u>\$93,046</u>	<u>\$127,628</u>
25	SECTION TOTALS	2019-20	2020-21
26			
27	GENERAL FUND	\$93,046	\$127,628
28	OTHER SPECIAL REVENUE FUNDS	\$270	\$284
29			
30	SECTION TOTAL - ALL FUNDS	<u>\$93,316</u>	<u>\$127,912</u>
31			
32	Amend the bill by relettering or renumbering any nonconsecutive Part letter or		
33	section number to read consecutively.		

COMMITTEE AMENDMENT

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SUMMARY

This amendment is the minority report of the committee. Like the bill, the amendment allows a commercial track, an off-track betting facility and a multijurisdictional account wagering provider to obtain a license to conduct advance deposit wagering. Unlike the bill, which requires the Department of Public Safety, Gambling Control Board to set the tax rate on advance deposit wagering by rule, the amendment requires advance deposit wagering licensees to remit 0.5% of the licensees' gross advance deposit wagering income to the Department of Public Safety, Gambling Control Board for distribution by the board. An entity that operates advance deposit wagering may not receive a distribution of gross advance deposit wagering income.

The amendment also requires licensure of employees of advance deposit wagering licensees, makes several technical changes to add clarity to the bill and adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)



Approved: 06/14/19 *MCC*

129th MAINE LEGISLATURE

LD 1797

LR 1878(03)

An Act To Amend the Advance Deposit Wagering Laws

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

B(H-636)

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$93,016	\$127,597	\$130,991	\$134,481
Appropriations/Allocations				
General Fund	\$93,046	\$127,628	\$131,024	\$134,515
Other Special Revenue Funds	\$270	\$284	\$297	\$313
Revenue				
General Fund	\$30	\$31	\$33	\$34
Other Special Revenue Funds	\$22,770	\$284	\$297	\$313

Fiscal Detail and Notes

This bill repeals provisions in current law that directed the Gambling Control Unit (GCU) within the Department of Public Safety to award one entity through a competitive-bidding process a license to conduct advance deposit wagering and instead allows commercial tracks, off-track betting facilities and multijurisdictional account wagering providers to be licensed to participate in advance deposit wagering. Advance deposit wagering licensees are directed to remit .5% of their gross advance deposit wagering income to the GCU for distribution as follows:

	Of the .5% remitted for:	In-State Races	Out of State Races
Credited to the General Fund		10%	10%
Fund to Stabilize Off-Track Betting Facilities (OSR)		20%	36%
Sire Stakes Fund (OSR)		1%	1%
Agricultural Fair Support Fund (OSR)		10%	10%
Fund to Supplement Harness Racing Purses (OSR)		24%	7%
Fund to Encourage Racing at Maine's Commerical Tracks (OSR)		35%	36%

The State's share of the advance deposit wagering in fiscal year 2019-20 is anticipated to generate only \$300 in revenue of which \$30 will be credited to the General Fund and \$270 will be distributed into the various Other Special Revenue Funds accounts listed above. In fiscal year 2020-21, General Fund revenue is estimated to be \$32 and Other Special Revenue Funds revenue is estimated to be \$284. Corresponding Other Special Revenue Funds allocations are included to allow for the expenditure of the funds.

License and application fees are estimated to generate \$22,500 in fiscal year 2019-20 with additional revenue in fiscal year 2024-25 when the 5-year licenses are renewed. License fee revenue assumes that five off-track betting facilities and 10 multijurisdictional account wagering providers will seek licensure. This bill also includes appropriations to the GCU of \$93,046 in fiscal year 2019-20 and \$127,628 in fiscal year 2020-21 for one Public Safety Manager II position and associated All Other costs.