

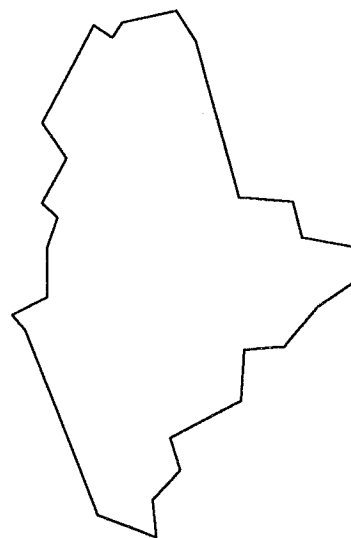
# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

**A REPORT FROM  
THE GOVERNOR'S  
ADVISORY COMMITTEE  
ON GAMBLING**



**WIN, LOSE OR DRAW:  
GAMBLING IN MAINE**

**Volume I: Main Text**

*April 1997*

KF  
3992  
.Z99  
M24  
1997  
v.1 c.3

## EXECUTIVE SUMMARY

**The mission of this Committee is to determine what is in the best interests of the people of the State of Maine in regard to the developing trends in the gambling industry and the effective administration of gambling laws.**

1. This Committee recommends that gaming policy, regulation and administration be analyzed and reviewed by policy-makers in Maine on a unified, consistent basis, considering the entire scope and breadth of gambling in Maine.
2. We recommend that the regulatory and administrative structure for Beano and Games of Chance be amended by increasing the capability for criminal investigations of gaming activities; increasing the ability to monitor gaming activities; and enhancing the administrative remedies that are available by:
  - a) Providing the state police the ability to investigate all aspects of State Law concerning Beano and Games of Chance, including direct or indirect ownership or control of any license. (*Amend Title 17 MRSA § 317-A and enact 17 MRSA §343-A.*);
  - b) Providing the State Police the ability to suspend or revoke any Beano or Games of Chance license immediately for probable cause in the case of criminal violations and after notice for all other violations. (*Amend Title 17 MRSA § 317-A and enact 17 MRSA §343-A.*);
  - c) Increase staffing by 4 positions: 1 detective, 2 Public Safety inspectors, 1 Clerk Typist II; and
  - d) Raise license fees (and create an annual license category) to provide adequate funding to regulate Beano and Games of Chance adequately. (The administrative cost of regulating all gambling should be borne by those who are regulated.)
3. We do not recommend a single gaming commission for Maine at this time. If gambling is to be expanded in Maine (especially an expansion of for-profit gambling), the Legislature should revisit the issue of a single gaming commission.
4. We recommend that the Legislative Council join the National Council of Legislators from Gaming States and send at least one legislator from the Committee having jurisdiction over gambling issues to those meetings on a regular basis in order to keep the Maine Legislature informed about the latest trends and activities in the gambling industry.
5. We recommend that those responsible for gambling policy and regulation (the Harness Racing Commissioner, a State Police representative, the Chair of Lottery Commission, and legislative representative from the committee having jurisdiction over gambling in Maine) meet at least annually and review overall gambling policy and regulation in Maine.
6. Maine needs continued and focused data collection. It is this Committee's recommendation that the group responsible for continued oversight of gambling issues in Maine (*as recommended above*) develop data collection needs designed to respond to continuing trends in gambling and provide that necessary information to the policy-makers in Maine.
7. We recommend that the Legislature review the current law in regard to those organizations that can be licensed to operate Beano and Games of Chance. As defined, those organizations encompass a broad spectrum of organizations. With an awareness of who is

currently eligible for a license under the law, the Legislature, as Maine's policy-setting body, can decide who should appropriately be licensed.

8. This Committee recommends that Beano and Games of Chance licensees be prohibited from renting commercial space in which to operate the licensed games from a member of the licensed organization.
9. Maine citizens have expectations that the proceeds of Beano and Games of Chance, operated by non-profit organizations, is being used for charitable purposes. We recommend that information be collected to accurately determine where the proceeds from these gambling activities are being used and that that information be disclosed publicly, where the game is being played (in the halls or near the machines), to show how much money is raised annually by the gambling activity and what amount in dollars and percentages actually went to charitable causes.
10. This Committee does not recommend the expansion of for-profit gambling in Maine at this time. If an expansion of for-profit gambling is to be considered, it should be looked at broadly in the context of Maine's entire gambling environment.
11. Video gambling for money is clearly unlawful at the present time. This Committee recommends that the laws be amended to remedy the current situation regarding the gray machines (video gambling) in the not for profit setting. The legislature should either create meaningful penalties, including confiscation & forfeiture, for unlawful operation of video gambling machines and strictly enforce the law or legalize video gambling for money for non-profit organizations and strictly regulate that activity.
12. If privatization of gambling is to be considered, this Committee feels it is a policy consideration that should be debated by the Legislature. This Committee has received no information to date to indicate that the current state involvement in gambling activities is being conducted improperly.
13. In regard to the recommendations of the Harness Racing Task Force that pertain to the most effective regulation of off-track betting and simulcasting, this Committee recommends:
  - a) Video gaming at commercial tracks and OTB facilities and the authorization of simulcasting non Harness Racing events at pari-mutuel wagering locations (a divided recommendations by the Harness Racing Task Force) should be looked at for the state as a whole and not in a piecemeal fashion. We need a state-wide perspective on video gambling for all of Maine.
  - b) The differences in profit and non-profit organizations should be recognized. Those differences should be considered when considering amendments to the Harness Racing Law.
  - c) Enforcement of criminal violations related to harness racing and Off-Track Betting facilities was not addressed in the report. There should be some clear direction on enforcement of racing violations at tracks and OTB's.
  - d) Telephone wagering may be a potential new way of placing bets for Harness Racing, but it is not particularly suited for other legalized forms of gambling in Maine.

# MEMBERS OF THE ADVISORY COMMITTEE ON GAMBLING

**Gerald E. Rudman; Chair**

*Representing the public*

Rudman & Winchell

84 Harlow Street

P.O. Box 1401

Bangor, Maine 04402-1401

**Hon. Paul F. Jacques**

*Representing the Maine House of Representatives*

House Democratic Leader (117th Legislature)

Maine House of Representatives

State House Station 2

Augusta, Maine 04333-0002

**Hon. Vinton E. Cassidy**

*Representing the Maine State Senate*

Co-chair: Agriculture, Conservation and

Forestry Comm. (117th Legislature)

Maine State Senate

State House Station 3

Augusta, Maine 04333-0003

**Linda Meader**

*Representing the gambling industry*

P.O. Box 291

Princeton, Maine 04668

**Hon. John J. O'Dea**

*Representing the Maine State Senate*

Member: Criminal Justice Committee

Maine State Senate (117th Legislature)

State House Station 3

Augusta, Maine 04333-0003

**Richard Crabtree**

*Representing the Harness Racing Commission*

RR # 1, Box 352

Readfield, Maine 04355

**Richard Davies**

*Representing the gambling industry*

P.O. Box 5402

Augusta, Maine 04332-5402

**Alfred Skolfield, Jr.**

*Representing the Maine State Police*

Department of Public Safety

State House Station # 42

Augusta, Maine 04333

**Michael Heath**

*Representing the public*

P.O. Box 5459

August, Maine 04332

**Hon. Harry G. True**

*Representing the Maine House of Representatives*

Co-Chair: Legal & Veterans Affairs Committee

8 Bradley Street

Fryeburg, Maine 04037

**Hon. Linwood Higgins**

*Representing the Bureau of Alcohol. Beverages*

& Lottery Operations

P.O. Box 600

Scarborough, Maine

## NAMED STAFF PERSONNEL

**Deborah Friedman**, resource  
Office of Policy and Legal Analysis  
State House Station # 13  
Augusta, Maine 04333

**Charlie Leadbetter**, resource  
Office of The Attorney General  
State House Station # 6  
Augusta, Maine 04333

**Major Jeffrey D. Harmon**, staffing  
Maine State Police  
36 Hospital Street  
Augusta, Maine 04333

**Galen Rose**, staffing  
State Planning Office  
State House Station # 38  
Augusta, Maine 04333  
Ph: 287-1478

**John R. Selser**, staff coordinator  
Post Office Box 206  
Readfield, Maine 04355

**GERALD E. RUDMAN**

*Bangor, Maine 04401*

April 16, 1997

Honorable Angus S. King, Jr.  
Governor, State of Maine  
1 State House Station  
Augusta, ME 04333-0001

Dear Governor King:

I have been privileged to serve as Chairman of the Advisory Committee on Gambling as established by Executive Order of April 3, 1996, and I hasten to express my appreciation to you for this opportunity to represent the public on the Committee. It appeared initially to be an awesome (abashed fear inspired by authority) task; but, equipped with an expert and humorous center stage staff leader in John R. Selser, Esq. and a politically inspired membership, I found the task to be pleasurable, and I hope the Report to be of value to you and the Legislature. Mr. Selser and his staff supplied the Committee with a multitude of written materials which provided us (and particularly me) with an in-depth understanding of our study and discussions leading to our Report, responsive to the Executive Order.

The Report represents 13 meetings of the Committee from August 1996 to April 1997. My observation of the Committee's common philosophy, in which I share completely, is that expansion of gambling should be permitted in the State of Maine most carefully and only after exhaustive study of the impact on the lives of the citizens and the culture of the State.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Gerald E. Rudman". The signature is fluid and cursive, with the first name "Gerald" being more prominent and the last name "Rudman" following in a similar style.

# TABLE OF CONTENTS

<i>Executive Summary</i>	<i>ii</i>
<i>Members of the Advisory Committee on Gambling</i>	<i>iv</i>
<i>Named Staff Personnel</i>	<i>v</i>
<i>Letter of Transmittal</i>	<i>vi</i>
<i>Table of Contents</i>	<i>vii</i>
<b>I. INTRODUCTION &amp; HISTORY</b>	<b>1</b>
<b>A. FORMATION AND PURPOSE OF THE ADVISORY COMMITTEE</b>	<b>1</b>
<b>B. CHARGE TO THE COMMITTEE</b>	<b>2</b>
<b>C. MISSION STATEMENT</b>	<b>2</b>
<b>D. MEMBERSHIP AND STAFFING</b>	<b>3</b>
<b>E. THE COMMITTEE'S PROCESS</b>	<b>3</b>
<b>F. A BRIEF HISTORY OF GAMBLING</b>	<b>4</b>
GAMBLING	4
LOTTERY	6
<b>II. THE STATUS OF GAMBLING IN MAINE</b>	<b>9</b>
<b>A. THE SCOPE OF GAMBLING IN MAINE</b>	<b>9</b>
<b>B. MAINE GAMBLING LAWS</b>	<b>9</b>
1. HARNESS RACING INCLUDING OFF-TRACK BETTING (8 MRSA §§'s 261-284)	9
2. GREYHOUND RACING (8 MRSA §§'s 301-302)	10
3. LOTTERY (8 MRSA §§'s 371-387) AND TRI-STATE LOTTO COMPACT (8 MRSA §§'s 401-422)	10
4. PIN-BALL MACHINES (8 MRSA §§'s 441 - 450)	11
5. BEANO OR BINGO (17 MRSA §§'s 311-326)	12
6. GAMES OF CHANCE (17 MRSA §§'s 330-347)	13
7. COMMON NUISANCE (17 MRSA §§'s 2741-2743)	14
8. UNLAWFUL GAMBLING (17-A MRSA §§'s 951-958)	14
9. INNKEEPERS AND VICTUALERS (30-A MRSA § 3833)	15
<b>C. NATIVE AMERICAN GAMBLING IN MAINE</b>	<b>15</b>
<b>D. LEGISLATIVE PROPOSALS IN THE 117TH LEGISLATURE</b>	<b>17</b>
LEGISLATION OF THE 117TH LEGISLATURE, FIRST REGULAR SESSION (1995)	17
LEGISLATION OF THE 117TH LEGISLATURE, SECOND REGULAR SESSION (1996)	18

<b>E. THE HARNESS RACING TASK FORCE REPORT</b>	<b>19</b>
<b>III. NATIONAL, STATE AND PROVINCIAL GAMBLING</b>	<b>21</b>
<b>A. GAMBLING IN THE UNITED STATES</b>	<b>21</b>
<b>B. GAMBLING IN NEW ENGLAND STATES</b>	<b>22</b>
MAINE	27
NEW HAMPSHIRE	27
VERMONT	27
MASSACHUSETTS	28
RHODE ISLAND	28
CONNECTICUT	28
<b>C. NATIONAL/MODEL LEGISLATION</b>	<b>28</b>
<b>D. OVERVIEW OF GAMBLING GOVERNING STRUCTURES IN OTHER STATES</b>	<b>28</b>
<b>E. OTHER STATES</b>	<b>29</b>
<b>IV. DEVELOPMENTS AND TRENDS IN THE GAMING INDUSTRY</b>	<b>31</b>
<b>A. GROWING INTEREST IN GAMBLING</b>	<b>31</b>
NATIONAL GAMBLING IMPACT STUDY COMMISSION ACT	31
NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES	32
1996 ELECTION ACTIVITY	32
<b>B. VIDEO GAMING</b>	<b>33</b>
<b>C. OTHER TRENDS</b>	<b>33</b>
INTERNET GAMBLING	33
MISCELLANEOUS ACTIVITY	34
<b>V. THE ECONOMIC IMPACT OF GAMBLING</b>	<b>37</b>
<b>A. TOTAL STATE GAMBLING SPENDING: SUMMARY</b>	<b>37</b>
<b>B. ECONOMIC IMPACT OF GAMBLING IN MAINE</b>	<b>38</b>
THE LOTTERY	38
HARNESS RACING	39
GAMBLING BY NON-PROFITS: BEANO, GAMES OF CHANCE AND AG. FAIR HARNESS RACING	39
OPPORTUNITY COST OF GAMBLING IN MAINE	42
EXPANSION OR PROHIBITION OF GAMBLING IN MAINE	43
<b>VI. THE SOCIAL AND CULTURAL IMPACT OF GAMBLING</b>	<b>45</b>
<b>A. GENERAL COMMENTS</b>	<b>45</b>
<b>B. GAMBLING AND MORALITY</b>	<b>45</b>
GENERAL DISCUSSION	45
A BIBLICAL PERSPECTIVE	47

<b>C. PROHIBITION OF GAMBLING</b>	<b>48</b>
FOR THE PROHIBITION OF GAMBLING	48
AGAINST THE PROHIBITION OF GAMBLING	48
<b>D. PROBLEM GAMBLING</b>	<b>48</b>
<b>E. OTHER SOCIAL AND CULTURAL IMPACT ISSUES</b>	<b>49</b>
<b>VII. FINDINGS AND RECOMMENDATIONS</b>	<b>51</b>
<b>A. GENERAL COMMENT</b>	<b>51</b>
FINDINGS:	51
RECOMMENDATIONS	51
<b>B. STATE GAMBLING POLICY &amp; REGULATION OF GAMBLING</b>	<b>51</b>
FINDINGS	52
RECOMMENDATIONS	54
<b>C. SINGLE GAMING COMMISSION:</b>	<b>55</b>
FINDINGS	56
RECOMMENDATIONS	56
<b>D. CONTINUED OVERSIGHT</b>	<b>56</b>
FINDINGS	57
RECOMMENDATION: 1. NCLG MEMBERSHIP:	57
RECOMMENDATION: 2. CONTINUING OVERSIGHT	57
<b>E. DATA COLLECTIONS</b>	<b>58</b>
FINDINGS	58
RECOMMENDATION	58
<b>F. LOTTERY</b>	<b>58</b>
FINDINGS	58
RECOMMENDATIONS	58
<b>G. HARNESS RACING TASK FORCE</b>	<b>59</b>
RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON GAMBLING	60
<b>H. GAMBLING BY NON-PROFIT ORGANIZATIONS</b>	<b>60</b>
1. DETERMINING APPROPRIATE LICENSEES	61
FINDINGS	61
RECOMMENDATIONS	61
2. USE OF PROFITS	61
FINDINGS	61
RECOMMENDATIONS	62
<b>I. EXPANSION OF GAMBLING IN MAINE</b>	<b>62</b>
1. FOR PROFIT GAMBLING	62
FINDINGS	62
RECOMMENDATIONS	62
2. NOT FOR PROFIT GAMBLING — VIDEO GAMBLING	62
FINDINGS	62
RECOMMENDATIONS	62

**J. PRIVATIZATION**

**63**

**FINDINGS**

**63**

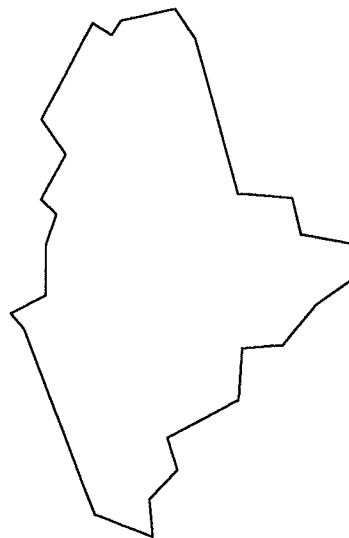
**RECOMMENDATIONS**

**63**

**APPENDICES**

- A. An Order to Establish the Advisory Committee on Gambling (Executive Order 8 FY 95/96)
- B. Gambling Information from other States (1996)

**A REPORT FROM  
THE GOVERNOR'S  
ADVISORY COMMITTEE  
ON GAMBLING**



**WIN, LOSE OR DRAW:**

**GAMBLING IN MAINE**

**Volume I: Main Text**

*April 1997*

***“Wisdom lies neither in fixity nor in change,  
but in the dialectic between the two.”***

*Octavio Paz (b. 1914), Mexican poet. Times (London, 8 June 1989)*

## **I. INTRODUCTION & HISTORY**

### **A. FORMATION AND PURPOSE OF THE ADVISORY COMMITTEE**

The Governor's Advisory Committee on Gambling was established by Executive Order during the 117th Legislature at the request of the Joint Standing Committee on Legal and Veteran Affairs to **“conduct a comprehensive review of the gambling laws of Maine in order to assure that the laws address modern developments in the gaming industry, including the advent of electronic gambling and provide for effective administration of gambling laws.”**

*(Executive Order 8 FY95/96: An Order to Establish the Advisory Committee on Gambling, April 3, 1996. See Appendix A.)*

The committee's purpose was to:

- A. Review and assess available information on the status of gambling in Maine and other states and Canadian Provinces, as well as the social and economic impacts of that gambling on Maine, including:
  - 1. a comprehensive review of all of Maine's laws on gambling (including Beano and the State Lottery),
  - 2. a comprehensive review of all legislative proposals presented in the 117th Legislature concerning gambling, and
  - 3. an examination of gambling laws in other states and Provinces particularly:
    - a) states and/or Provinces which have established gaming commissions and
    - b) states and/or Provinces experiences with gambling activities;
- B. Examine the recommendation, if any, of the Maine Harness Racing Task Force pertaining to the most effective regulation of off-track betting and simulcasting *(Executive Order 6 FY95/96)*; and
- C. Develop proposal(s) for:
  - 1. amending, revising or otherwise changing the State's laws on gambling in order to produce a consistent and modern scheme for regulating gambling activities in this State that is in the best interests of the State and
  - 2. a regulatory mechanism to review, oversee, develop and coordinate gambling policies of the State and to coordinate and oversee gambling regulation in the State.

The Committee reporting date was determined by the need to submit a final report to the Governor, President of the Senate, Speaker of the House, and the Joint Standing Committee on Legal and Veterans Affairs of the First Regular Session of the 118th Legislature and the need to include a review of the recommendations of the Harness Racing Task Force that pertained to the most effective regulation of off-track betting and simulcasting.

## **B. CHARGE TO THE COMMITTEE**

The Honorable Governor Angus S. King, Jr. welcomed the committee members and thanked them for their participation in this project. In his charge to the committee he commented that Maine's gambling laws have developed haphazardly over the years. Recent gambling issues in this state have included harness racing, off-track betting, non-profit games of chance, high stakes and low stakes Beano, the so-called "gray machines" and attempts to introduce casinos and video poker.

The Governor stated that the present task force has been created to look at "what Maine has for gambling" — how it is regulated and how it is structured. The task force should develop a comprehensive method of regulating the gambling industry, including the issues of whether or not we should have a separate governmental body to regulate all of gambling in Maine and what we should do about the gray machines, e.g. allow or prohibit them, limit them, regulate them or continue to "look the other way". The task force should review what has gone on in other states in recent years regarding gambling issues to take advantage of the other states' experiences with costs, revenues, regulatory methods, etc. in order to learn from our neighbors' experiences.

The Governor concluded by indicating that, given the composition of the committee, it may not be possible to reach a consensus on whether or not video poker should be allowed in the state; but, the committee will hopefully be able to reach a consensus on the best regulatory scheme *if* video poker is to be allowed in Maine. The issue of gambling will not go away and Maine needs to ensure that whatever it does is right for the people of Maine.

## **C. MISSION STATEMENT**

The Committee adopted the following statement of its mission:

**The mission of the Committee is to determine what is in the best interests of the people of the State of Maine in regard to the developing trends in the gambling industry and the effective administration of gambling laws.**

In order to accomplish this mission, the committee considered the following specific objectives:

1. Review the legal status of gambling in Maine.
2. Review the legislative proposals in the 117th Legislature that concerned gambling.
3. Review the economic impacts of gambling in Maine.
4. Review the social impacts of gambling in Maine.
5. Review states' and provinces' experiences with single gaming commissions.
6. Review the status of gambling in other states and provinces that can provide experiences relevant to Maine.
7. Examine the recommendations of the Harness Racing Task Force pertaining to the most effective regulation of off-track betting and simulcasting.

8. Identify modern developments in the gaming industry.
9. Develop proposal(s) for amending, revising or otherwise changing Maine's laws on gambling in order to produce a consistent and modern scheme for regulating gambling activity in Maine that is in the best interests of Maine.
10. Develop proposal(s) for a regulatory mechanism to review, oversee, develop and coordinate gambling policies of the State and to coordinate and oversee gambling regulation in the State, to include, but not be limited to:
  - ✓ the issue of whether or not we should have a separate governmental body to regulate all of gambling in Maine, to set uniform gambling policy in Maine for all gambling, and/or to do both, and
  - ✓ what we should do about the gray machines — video gambling devices that are currently allowed in Maine for credit use only, but are being used for illegal gambling by exchanging credits for cash.

## **D. MEMBERSHIP AND STAFFING**

The Committee was composed of eleven members: two Representatives, two Senators, two members to represent the public interest, the Chair of the Maine Harness Racing Commission, a representative of the Maine State Police, a representative of the State Lottery Commission and two representatives of the gambling industry.

John R. Selser, a Readfield attorney, served as staff coordinator. Additional staff support was provided by Galen Rose of the State Planning Office and Major Jeffrey D. Harmon of the Maine State Police. In addition, Deborah Friedman of the Office of Policy and Legal Analysis and Charlie Leadbetter of the Attorney General's Office served as resource to the Advisory Committee.

The staff support provided to the Committee was excellent. Without the resources and the thoughtful guidance of the staff, the work of the Committee would have been difficult, if not impossible, to accomplish within the time frame requested. The Committee would like to acknowledge the efforts of these individuals and of the staff support received from the Bureau of Alcoholic Beverages and Lottery Operations. Their support greatly increased the quality of this report. Our sincere appreciation to all their assistance.

## **E. THE COMMITTEE'S PROCESS**

In order to accomplish the task before it, the Committee divided the project into four phases.

1. Phase One. dealt with the current status of gambling in Maine, including any recommendations of the Harness Racing Task Force.
2. Phase Two concerned gathering information on gambling from national, state, and Provincial sources — especially looking at states and/or Provinces that have established single gaming commissions and looking at other jurisdictions similar to Maine that have had experiences relevant to Maine.
3. Phase Three identified modern developments in the gaming industry and an analysis and discussion of the impact of gambling in our society.
4. Phase Four examined and developed proposals to oversee and coordinate Maine gambling policies and regulate gambling activity in Maine, including legislation and/or rules necessary to make this possible.

For seven months, the Committee gathered information, reviewed gambling in Maine and in other states and Provinces, analyzed the data and discussed what could be done to make a positive impact on gambling in Maine. This report, which reflects the Committee's findings and recommendations, is divided into seven Parts:

1. PART I explains the Committee's task and the process the Committee used to accomplish its task. It also includes a short section on the history of gambling.
2. PART II examines the status of gambling in Maine providing background information for the review and analysis.
3. PART III examines gambling in other states and provinces.
4. PART IV looks at trends and developments in the gambling industry.
5. PART V examines the economic impact of gambling.
6. PART VI examines the social and cultural impact of gambling.
7. PART VII contains the Committee's findings and recommendations.

The main text of this report is contained in Volume I. Volume II contains Appendix B: A summary of gambling in other states.

## **F. A BRIEF HISTORY OF GAMBLING**

### ***GAMBLING***

Gambling: the wagering of money or other consideration of value on the outcome of an uncertain game or event that is dependent either wholly on chance, as in roulette, or partly on chance and partly on skill, as in certain card games and in sporting contests.

There is no historical period or culture to which gambling is unknown. Dice carved from the ankle bones of antelope have been found in prehistoric tombs and burial caves. The ancient Egyptians played *atep*, a game of guessing the number of upheld fingers. The classical Greeks are known to have played with astragals, the forerunner of modern dice, and Jews in biblical Israel gambled by throwing dice. The Romans were reportedly obsessed with gaming and bet heavily on gladiatorial fights and chariot races. The Roman historian Tacitus noted that the ancient Germans gambled not only wealth but liberty as well.

Anthropologists, who have found evidence of games of chance among the most primitive peoples, contend that the attitude of early humankind toward gambling derived from the general attitude toward the environment. To them the world was a mysterious place controlled by gods or supernatural beings whose favor or disfavor was manifested through chance situations and through the outcome of such events as hunts, wars, and games of chance. Instruments of divination frequently included objects used in gambling. As people gradually acquired knowledge of the nature of their environment and interpreted it in terms of cause and effect, their attitude toward gambling changed. Games of chance became pastimes, but the ancient belief that a lucky gambler was favored of the gods persisted and still survives in various forms.

#### **Modern Forms**

In modern times gambling occurs in practically all nations and takes a great variety of forms. Among the most widespread are betting on the outcome of horse and dog races; of bull, cock, and prize fights; of wrestling matches; and of such games as baseball, football, basketball, and hockey. Attempts on the part of professional gamblers to fix the outcome of such games have caused numerous scandals and provoked many representatives of organized sports to oppose professionally arranged betting on such events. Other common forms of gambling include roulette,

card and dice games, and bingo. Games of this type, as well as slot machines, constitute a major industry in Nevada, where gambling was legalized in 1931, and in Atlantic City, New Jersey, which legalized casino gambling in 1978. Similar games are played at the most famous European gambling resort, the casino of Monte Carlo, which provides the principality of Monaco with much of its revenue. The lottery, a form of gambling that dates from ancient times, often is used as a money-raising technique by governments, religious groups, and charities. (*See LOTTERY, below*).

### Government Control

Among the upper classes of the peoples of antiquity, gambling was frequently associated with wickedness and debauchery. During the Middle Ages, in times of trouble, the rabbis in European Jewish communities banned dice games and other games of chance. Gambling was also proscribed by some Oriental religions, such as Confucianism, by the Koran of Islam, and by the moral codes of many Protestant denominations.

In general, the attitudes of governments toward gambling have been that the practice should be discouraged or regulated. Although few societies have ever wholly approved of gambling, none has been able to eradicate it completely. To this end, the British Parliament in 1845 passed an act providing that "all contracts or agreements, by way of gaming or wagering, shall be null and void, and that no suit shall be brought in any court of law for recovering money alleged to have been won upon a wager." Today one of the more permissive countries in regard to gambling is Great Britain. Under laws enacted there in 1960 and 1963, betting offices for making wagers on races and games have been licensed; games of chance are allowed in private clubs and homes; and mechanical gambling devices such as slot machines are legal, provided that the odds are not weighted too heavily in favor of the concessionaire, who is permitted only expenses and a "fair" recompense. Legal gambling can also be found in many other places, among them the Czech Republic, Ghana, France, Macao, Monaco, Puerto Rico, Russia, and Scandinavia.

The games most closely associated with gambling usually involve a heavy element of chance. Whereas poker, for instance, requires skill to play well, the outcome of the game is determined primarily by the distribution of the cards. Many casino games, such as roulette and craps (a dice game), are dictated solely by chance. Betting on the outcome of sporting events, especially on horse-racing, or on a lottery is perhaps the most widespread legal form of gambling, and in many countries, governments have created systems to funnel through legal channels the vast amounts wagered, retaining a certain proportion for their own use.

One form of public betting that is acceptable in many states is the pari-mutuel system, which originated in France. It consists of a pool of betting moneys. Those who correctly predict winners of the first three places share the total moneys minus a percentage for track management. Pari-mutuel betting is often employed for horse and dog races and for jai alai games. The pari-mutuel system serves as protection against dishonesty and facilitates collection of gambling taxes. In order to raise additional revenue, New York City on April 7, 1971, opened the first legalized off-track betting system (OTB) in the U.S., enabling the public to place horse racing bets at special locations throughout the city.

### Unlawful Gambling

Unlawful gambling (in the United States and elsewhere) constitutes one of the largest "businesses" in existence, and its "gross" has been estimated to exceed that of its legal counterpart. Legal gambling, claim its advocates, is a means of reducing unlawful-gambling profits. A great deal of the unlawful gambling conducted in the United States is connected to organized crime, which is thought also to maintain a strong measure of control in legalized gambling.

Today, as throughout history, gambling is not confined to any economic stratum. Compulsive gambling is recognized as a sickness, and such organizations as Gamblers Anonymous exist for the

purpose of helping individuals suffering from this problem. The methods are similar to those used by organizations that help alcoholics and overeaters.

Bibliography: Bergler, Edmund, *Psychology of Gambling*, rev. ed. (1984); Findlay, John M., *People of Chance: Gambling in American Society from Jamestown to Las Vegas* (1986); Galski, Thomas, ed., *The Handbook of Pathological Gambling* (1987); King, Rufus, *Gambling and Organized Crime* (1969); Scarne, John, *Scarne's New Complete Guide to Gambling* (1986); Sifakis, Carl, *The Encyclopedia of Gambling* (1989; repr. 1991); Times Mirror Press, ed., *Gamblers Anonymous*, rev. ed. (1984); The New Grolier's Multimedia Encyclopedia, Copyright - 1993 Grolier Electronic Publishing; and "Gambling," Microsoft (R) Encarta. Copyright (c) 1993 Microsoft Corporation, (c) 1993 Funk & Wagnall's Corporation (with the gambling section written by Frank Ragland).

## **LOTTERY**

Lottery: the distribution of prizes, usually money, as determined by lot or chance, to the winning purchasers of lottery tickets. Lottery is considered a form of gambling, because the value of the prize is greater than the cost of the ticket, and no skill is involved in winning. A lottery is a popular form of gambling in which the players pay to participate, and the winners are determined by chance. (It is also a method of selection, as in a lottery to choose which groups of men will be conscripted into the army.) In most lotteries, players buy numbered tickets at fixed prices. At a subsequent drawing, the winning numbers are picked at random (by lot) or are selected on some other unpredictable basis—such as the results of a horse race.

### **History**

Lotteries are of ancient origin. Over the centuries, lotteries of various types have been organized for a variety of purposes and have realized huge sums for their promoters. They were used in the entertainments of the Roman emperors and later of the feudal princes of Europe. Governments have frequently used lotteries as a source of revenue or as a supplement to, or substitute for, taxation.

The first state lottery is believed to have been held in 1520 in France, where lotteries became an important source of royal revenue. Private lotteries also flourished in France until 1776, when all were suppressed or merged into the royal lottery. In Italy lotteries became popular after 1530, when the city of Florence held one offering money prizes. The lottery was introduced in England in 1569 under the patronage of Queen Elizabeth I and in 1680, England held a historic lottery to raise funds for improving London's water supply equipment. Spain developed the gordo, and Ireland, the sweepstakes.

Lotteries suffered a decline in the 19th century. The frequency of fraud in the operation of private lotteries resulted in their prohibition by many countries, and subsequently most public lotteries also were discontinued. Great Britain ceased to employ the lottery as a source of public revenue in 1826.

### **Revenue-Raising Devices**

Lotteries were still being used in the 20th century by some governments and by charitable and religious institutions to raise revenue. During World War II the Soviet Union promoted the sale of bonds by giving away a lottery ticket with each bond purchase. Perhaps the most popular of all lotteries of this century has been the Irish Hospitals' Sweepstakes, established in 1930. Four of these lotteries are held annually, each based on the outcome of a separate horse race, one of which is the Irish Sweeps Derby. The first prize amounts to about \$120,000. Although American laws forbid the importation or distribution through the mails of lottery tickets, a large share of the Irish sweepstakes chances are sold in the United States. Spain, Italy, and a number of Latin American countries hold public lotteries. France abolished the national lottery in 1836 but reinstituted it in 1933. The first legalized lottery to be held in the United States in the 20th century was the state lottery initiated by

New Hampshire in 1963. New York State initiated a lottery in 1967, with profits from the sale of chances going to help support public education. By 1985, 21 states were using lotteries to raise funds.

A popular fund-raising activity of churches, fraternal organizations, trade unions, and social clubs is the type of lottery known as a raffle. Another widely played form of lottery is the numbers game, which is illegally operated in some U.S. urban centers by organized syndicates. Each day participants place wagers on numbers of several digits chosen by the bettors; the winning number is selected from widely published figures such as the daily total of dollars legally bet at a designated racetrack. To divert funds from this illegal operation and channel this revenue into the state treasury, New Jersey in 1975 instituted the first state-run numbers game in the U.S., using mechanical devices to select the winning combinations. A number of other states have since followed suit.

Lotteries have remained an important feature of life in other countries as well. In 1976, Canada sponsored a lottery to help pay for the Olympic Games in Montreal; by the time the games started, the lottery had netted an unexpected \$200 million. Today that country has a number of provincial and national lotteries. The Soviet Union introduced several national lotteries to help develop Soviet sports and to finance construction of facilities for the 1980 Olympic Games.

(Bibliography: Adler, Bill, *The Lottery Book* (1986); Lang, John T., *Digest of State Lotteries* (1983); Wagman, Robert, *Instant Millionaires: Cashing in on America's Lotteries* (1986); The New Grolier's Multimedia Encyclopedia, Copyright - 1993 Grolier Electronic Publishing; and "Lottery," Microsoft (R) Encarta. Copyright (c) 1993 Microsoft Corporation, (c) 1993 Funk & Wagnall's Corporation.)

## II. THE STATUS OF GAMBLING IN MAINE

### A. THE SCOPE OF GAMBLING IN MAINE

Gambling requires (1) **consideration** being given, either as a wager or as the price of playing the game (2) in exchange for playing a game or betting on an event involving an element of **chance** and (3) an opportunity for a **reward**. Gambling takes many different forms in Maine such as social gambling, harness racing, Off-Track Betting, the lottery, Beano and Games of Chance. Some activities in Maine are legal even though they involve consideration and chance, such as pinball and electronic video machines, because no reward or prize (other than credits or points that can be applied to a free replay) is offered. The opportunity for unlawful gambling activity exists when a monetary payoff, prize or reward is made available.

What is commonly thought of as social gambling may or may not be legal. If two or more parties are involved in an event involving consideration, chance and reward and there is not a third party involved that profits from the activity regardless of the outcome, it is generally considered legal social gambling. Office pools, Saturday night poker, or two or more people casually wagering on the outcome of a sporting event, without a third party taking consideration for setting up the event or operating the activity, is generally considered social gambling and not considered unlawful in Maine.

Gambling in Maine, as an organized activity with third party remuneration, has been made legal for the following:

**State:** The Lottery is conducted by the state and includes joint administration of the Tri-State Lottery with New Hampshire and Vermont.

**Non-Profit organizations:** Non-profit organizations operate Beano, Games of Chance, and Electronic Video Machines (for credits only). These activities are licensed to a limited category of organizations, prizes are limited and strict reporting of funds & activities is required.

**Profit organizations:** Persons or organizations can be licensed on a for-profit basis to conduct pari-mutuel gambling on harness racing and off-track betting. The use of profits (after required distributions) is not limited.

### B. MAINE GAMBLING LAWS

The law of Maine clearly indicates that what is not authorized (in regard to gambling) is unlawful. The legalization of gambling has been reserved exclusively for legislative policy. Maine's gambling laws include:

#### 1. *HARNESS RACING INCLUDING OFF-TRACK BETTING (8 MRSA §§'s 261-284)*

##### a. Legal Gambling Activity:

Pari-mutuel wagering on Maine horse racing and common pari-mutuel pools on interstate simulcast racing is authorized at (1) racetracks and (2) off-track betting facilities. No minor may legally wager.

There are two commercial racetracks licensed in Maine: Scarborough Downs in Scarborough and Bass Park in Bangor. Since the enactment of legislation authorizing off-track betting facilities, seven off-track betting facilities have been licensed. Six are currently in operation.

**b. Licensing Agency:**

Racetracks and off-track betting facilities are licensed by the Maine State Harness Racing Commission.

**c. Enforcement:**

- ✓ The Commission employs stewards who are state officials and are authorized to cite violations of law and rules. Fines, suspensions and revocations are authorized.
- ✓ The Harness Racing Commission has civil authority to enforce laws and regulations relating to harness racing.
- ✓ If there is a harness racing criminal violation suspected, the Harness Racing Commission refers such action to the State Police or local law enforcement officials in that jurisdiction or to the Attorney General's office. In some cases, local law enforcement officials are unfamiliar with or do not have the time to investigate criminal activity and refer the matter to the State Police.

**2. *GREYHOUND RACING (8 MRSA §§'s 301-302)***

**a. Legal Gambling Activity:**

Greyhound racing is authorized for public exhibition and may not be interstate simulcast. No gambling on greyhound racing is authorized.

**b. Licensing Agency:**

None.

**c. Enforcement:**

Law enforcement officials.

**3. *LOTTERY (8 MRSA §§'s 371-387) AND TRI-STATE LOTTO COMPACT (8 MRSA §§'s 401-422)***

The Lottery operation in Maine presently has instant games and on-line games. The on-line games include Tri-State Lotto.

The Maine State Lottery was established in 1973 by legislation and was approved by a state-wide referendum of 154,000 to 90,000. Ticket sales began in June of 1974 for a 50 cent weekly draw ticket called PLAY ME. 328,000 tickets were sold the first week. In June of 1975 the first instant ticket, The Great Outdoors, was sold. In 1980, the weekly game was discontinued and a 3-digit daily numbers game was started.

In 1985, the Tri-State Lotto Compact was approved by Maine, New Hampshire and Vermont. The winner had to pick 6 numbers from a list of 30. The first winner of the Tri-State Lotto was from Maine and he won almost a million dollars. Also in 1985, a Pick 4 daily numbers game was added. In 1986, Tri-State Lotto winners had to pick 6 numbers from 36 numbers and in 1988 the winner had to pick 6 numbers correctly out of a field of 40 numbers.

In 1990 Tri-State Lotto added a Wednesday drawing. Also in 1990, Maine joined Lotto America with a Wednesday and a Saturday drawing. The winner had to pick 6 numbers correctly from a field of

54 numbers. In 1992, Maine dropped out of Lotto America due to low ticket sales. Lotto America changed its name to Powerball.

Also in 1992, the Cash 5 game was started with a five out of 35 matrix and the Liquor and Lottery operations were merged into a single agency by Legislation.

By law, the lottery must return a minimum of 45% of the money it receives back to the players. In fiscal year 1993, 54% of the money was returned to the players in prizes. 31% of the money received went to the General Fund, 7% went to operating expenses and 7% went to agent commissions. Looking at dollar figures, in 1995, total sales were generated of \$153 million. \$88 million went to prizes, \$41 million went to the General Fund, and \$10 million went agent commissions. *(The remaining amount went to cost of goods sold and operating expenses. The operating expenses of the Lottery Commission were 1.6% of sales or roughly \$2½ million for the fiscal year ending in June 1995.)* Recently, projected revenues from the lottery were lower than anticipated. It is not known if that trend will continue.

In addition to the Tri-State Megabucks (run by the Tri-State Lotto Compact), Maine currently operates two Instant Games (the \$1 Instant and the \$2 Instant) and three on-line games (Pick 3 & Pick 4 which award prizes 6 nights a week and the Cash Game involving the picking of 5 numbers and a card which awards prizes on Tuesday and Friday.)

a. Legal Gambling Activity:

The state administers a Maine lottery in which people may purchase tickets in hopes of winning a prize. A person under 18 may not purchase a lottery ticket, but may receive a ticket as a gift. An officer of the State Liquor and Lottery Commission and senior supervisory employees may not purchase a ticket. Any spouse, child, brother, sister, parent or person residing as a member of the same household (and living in the same place) as a commission officer or senior supervisory personnel may not purchase a ticket.

- ✓ The lottery offers two different products that appeal to different people: on-line and instant scratch tickets. Many players are very astute, they keep track of the games, pay-offs, etc.
- ✓ There are 1,600 lottery agents.
- ✓ If the value of the prize is not declared beforehand, the IRS considers it constructive receipt and taxes the winner on the total prize.
- ✓ The lottery provides jackpot winners with some general advice and recommends they consult an attorney and/or financial advisor.

The state also administers the Tri-State Lotto.

b. Licensing Agency:

The State Liquor and Lottery Commission licenses agents to sell tickets.

c. Enforcement:

Fines, suspensions and revocations are authorized.

#### **4. PIN-BALL MACHINES (8 MRSA §§'s 441 - 450)**

**a. Legal Gambling Activity:**

Pinball machines are authorized in Maine only for use as entertainment or amusement. They may not dispense any form of payoff, prize or reward except free replays. No gambling on pin ball machines is authorized.

**b. Licensing Agency:**

Municipal licensing.

**c. Enforcement:**

The clerk of the municipality enforces violations with an appeals process to municipal officers for revocation of licenses.

#### **5. BEANO OR BINGO (17 MRSA §§'s 311-326)**

**a. Legal Gambling Activity:**

Beano or bingo may be operated in the state by qualifying organizations for cash prizes of no more than \$400 in value for any single game and no more than \$1,400 in total prizes on any one occasion. Qualifying organizations include volunteer fire departments, agricultural fair organizations, or non-profit charitable, educational, political, civic, recreational, fraternal, patriotic, religious or veterans' organizations or an auxiliary of these organizations. No one under 16 may play the game. Any federally recognized Indian tribe may be licensed to operate high-stakes Beano or bingo (for up to 27 weeks in a year) in which there is no limit on the value of prizes; although there is a \$25,000 limit on attendance raffle prizes.

The law is written to allow a non-profit organization that does not have a facility adequate for a gambling environment to rent space to hold the games. The State Police, however, can disallow expenses that are unreasonable. (e.g. they disallowed a \$5,000 charge for 3 hour use of a building.)

Although most people think of a qualifying organization as a familiar non-profit organization, other non-profit organizations have been formed over the years within the meaning of the currently worded statute. For example, A music organization runs Beano games and uses the profits to send some members to concerts, etc. as well as to fund scholarships. Another example was given of creative use of the statutes when a high school student, upon graduation, created a non-profit organization to carry on the spirit of the class. Two years later she started Beano games, bringing the revenues into the non-profit organization. After 5 years , the class reunion was funded with this revenue.

##### **Low Stakes Beano:**

Low stakes Beano is commonly conducted in churches or other non-profit groups. Any non-profit entity is eligible to offer a low stakes Beano game. It is tightly regulated by the state — requiring licenses, location permits, etc. The operators of the game must be members of the organization, winnings are limited and money-accounting is tightly regulated and the licensees must disclose where the money is used. A recently new issue in low stakes Beano involves shell non-profits: A dead organization is reactivated and used as a front for a Beano license.

Money received from Beano must be used to (a) defray expenses that further the purpose for which the organization is founded, (b) pay salaries for operation of the game up to 20% of net revenue, (c) defray expenses to members for serious injury, illness, or casualty loss

(upon application), and (d) may not be used to purchase alcohol or for the cost of activities where alcohol is served.

**High Stakes Beano:**

High Stakes Beano is currently being conducted by the Penobscot Nation. The games must be held on Indian land. The total prize amount per game or per session is unlimited. The licensing cost is higher due to the higher regulatory cost. There is a 27 weekend per year limit; but, currently it is too costly to keep the high stakes Beano games open for all 27 weekends. Old Orchard Beach has voted to pursue a license for operation of high stakes Beano.

There is no requirement to disclose where the money received by the licensee is used.

**b. Licensing Agency:**

The Maine State Police.

**c. Enforcement:**

The Maine State Police.

**6. GAMES OF CHANCE**

**(17 MRSA §§'s 330-347)**

**a. Legal Gambling Activity:**

A Game of Chance may be operated in the state by qualifying organizations for cash prizes. Qualifying organizations include volunteer fire departments, agricultural fair organizations, or non-profit charitable, educational, political, civic, recreational, fraternal, patriotic, or religious organizations or auxiliary of these organizations. No one under 16 may play the game.

Non-profit organizations operating Games of Chance have restrictions similar to low stakes Beano: strict money-accounting, the operators must be members of the organization, limits on prizes, etc. Some limits exist for raffles. Door prizes are excluded from regulation under this law unless promoted by more than the words "Door Prize".

There are 4 types of Games of Chance:

1. Pull tabs;
2. Games at fairs (dice, color wheel, etc.);
3. Slot machines, roulette (prohibited); and
4. Video gaming (generally prohibited).

Money received from Games of Chance may be used to (a) defray expenses that further the purpose for which the organization is founded, (b) pay salaries, up to 20% of net revenue, for the operation of the game of Lucky Seven played in conjunction with Beano<sup>1</sup>, (c) defray expenses to members for serious injury, illness, or casualty loss (upon application), and (d) may not be used to purchase alcohol or for the cost of activities where alcohol is served.

Games of Chance involve consideration, chance and reward. State law stated that a game of chance is where a person wagers something of value, *consideration*, with an opportunity to

---

<sup>1</sup> Since the same people operate both games and it would not be realistic to separate what fraction of their time is used for Beano and what portion of their time is used for Lucky Seven, the proceeds may be used to defray the salaries of Lucky Seven operators when played in conjunction with Games of Chance.

win something of value, *reward*, and *chance* is involved or present to a material degree. The element of chance being involved "to a material degree" was not defined and was the cause of the recent controversy involving Games of Chance. (*See discussion below.*)

Video gaming terminals appeared when non-profit organizations obtained legal authority to use video gaming machines. There was a maximum limit on how many machines could be operated. Video gaming can legally be played only for replays — you must earn a certain number of credits in order to obtain a free game. Some non-profits are operating the games illegally by allowing the bartender or some other employee to pay cash for earned credits.

Gray machines are video gaming machines that are used for unlawful gambling by offering a monetary prize. Some actually dispense cash, but most just award credits that are exchanged for cash. The distributor and the operator split the profits from the machine. There is generally less than a 60% return to the player.

PVA tournament poker machines were the focus of the recent court case involving Games of Chance. When asked whether video poker machines were Games of Chance, the State Police said that they were illegal. The judge, however, indicated that the game of poker involved more skill than chance and therefore did not involve "chance to a material degree" and the poker machines were legal. If you looked at a continuum with chance being on one extreme (e.g. slot machines) and skill being on the other extreme (e.g. a chess match), poker is closer to the skill extreme than the chance extreme — it involves more skill than chance. Because of that court case, the state redefined Games of Chance to include games in which chance is an element of the rules of the game. (*See 17 MRSA §330, sub-§2.*)

**b. Licensing Agency:**

The Maine State Police.

**c. Enforcement:**

The Maine State Police.

**7. COMMON NUISANCE (17 MRSA §§'s 2741-2743)**

**a. Legal Gambling Activity:**

"All places . . . resorted to for . . . gambling are common nuisances."

**b. Licensing Agency:**

None.

**c. Enforcement:**

Law enforcement officials. Upon information filed by the Attorney General of the district attorney or upon complaint filed by not less than 7 legal voters of the country, the Superior Court may restrain, enjoin, or abate the nuisance. It is a Class E crime to keep, allow, or maintain any building, place or structure declared by the Superior Court to be a common nuisance.

**8. UNLAWFUL GAMBLING (17-A MRSA §§'s 951-958)**

**a. Legal Gambling Activity:**

Unlawful gambling activity means gambling activity not expressly authorized by statute. A person engages in gambling if he stakes or risks something of value upon the outcome of a

contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he or someone else will receive something of value in the event of a certain outcome.

Other than people licensed to conduct a raffle or operate Beano or a Game of Chance, it is illegal to:

(1) profit from or advance unlawful gambling activity by engaging in bookmaking (by receiving more than 5 bets totaling more than \$1,000 in any 24-hour period) or receiving money or written records from a person in connection with a lottery or mutual scheme or enterprise other than a player whose chances or plays are represented by such money (aggravated unlawful gambling) OR

(2) profit from or advance unlawful gambling activity. (unlawful gambling)

It is also unlawful to possess gambling records or gambling devices used in unlawful gambling activity.

*(See also discussion of video gaming and gray machines under Section 6, above.)*

**b. Licensing Agency:**

None.

**c. Enforcement:**

Law enforcement officials. It was noted that because of the State Police experience and familiarity with gambling laws, local law enforcement officials often defer or refer unlawful gambling matters to the State Police.

**9. INNKEEPERS AND VICTUALERS (30-A MRSA § 3833)**

**a. Legal Gambling Activity:**

No innkeeper or victualer may have or keep for gambling purposes any dice, cards, bowls, billiards, quoits or other implements used in gambling OR allow anyone else to use these devices for gambling at the business.

**b. Licensing Agency:**

None.

**c. Enforcement:**

Law enforcement officials.

**C. NATIVE AMERICAN GAMBLING IN MAINE**

Native American tribes and state governments face legal, social and economic challenges in the area of gambling. In recent years, many Native American tribes have developed or sought to develop gambling on their native lands in an effort to stimulate badly needed economic development. Generally speaking, Native American tribes operate as sovereign governments and state laws do not apply on tribal lands. States, however, expect to have a role in the regulation and oversight of gambling activities within state boundaries. In 1988, Congress enacted the Indian Gaming Regulatory Act (IGRA) "in an attempt to establish a regulatory structure that balances the rights of states and tribes — states' rights to maintain public health and safety and tribes' rights to promote economic development, self-sufficiency and strong tribal governments." (*States and the Indian*

*Gaming Regulatory Act*, a state legislative report of the National Conference of State Legislatures, Vol. 17, No. 16, July 1992.)

Although the IGRA has created a structure to provide answers to state-tribal gambling questions, it has not been without its controversy and lawsuits and has failed to provide the answer to the question: "Which gambling policy will prevail within a states' boundaries — the one authorized for state citizens by the state legislature (or the state constitution), or the one(s) on Indian lands that tribes pursue under the federal policy of tribal self-government and self-determination?" (*States and the Indian Gaming Regulatory Act*, *ibid.*)

Maine has, at the First Circuit court level, provided its own solution to that question. In the early 1970's, the Passamaquoddy Tribe began to pursue claims to almost 2/3rds of the land in Maine. After much negotiations, the state of Maine and the Passamaquoddy Tribe and the Penobscot Nation reached a settlement agreement that was ratified by the Legislature (30 MRSA §§'s 6201-6214) and eventually confirmed by Federal legislation.

Part of the Federal legislation stated areas in which the Passamaquoddy Tribe and the Penobscot Nation would be subject to the state's jurisdiction. (25 U.S.C. §§ 1721(b)(4), 1723(b) and 1725(a). In exchange for this and for extinguishment of the land claims against the state by the Native Americans, the Act confirmed the Tribe's title to designated reservation lands, memorialized federal recognition of its tribal status, and started an influx of millions of dollars in federal subsidies. (25 U.S.C. §1733)

Section 16(b) of the Settlement Act specifically stated that:

"The provisions of any federal law enacted after October 10, 1980 [the effective date of the Settlement Act], for the benefit of Indians, Indian nations, or tribes or bands of Indians, which would affect or preempt the application of the laws of the State of Maine, . . . shall not apply within the State of Maine, unless such provision of such subsequently enacted Federal law is specifically made applicable within the State of Maine." (25 U.S.C. §1735(b))

About 8 years later, Congress enacted the Gaming Act (IGRA) which established a three class regulatory scheme regarding gambling activities on Indian lands. Unless a state imposes an outright ban on all Class III gambling (and Maine does not), that state must negotiate a compact stating the terms and conditions under which a tribe can introduce Class III gambling. The question then arose, and was addressed by the First Circuit (federal) Court, as to whether Maine's Native Americans could expect to be governed by the Settlement Act provisions or by the Gaming Act.

The First Circuit court case, *Passamaquoddy Tribe vs. State of Maine* (75 Federal Reporter, 3d Series 784-794), indicated that the Settlement Act controls Maine's relationship with the Tribe. In its conclusion it stated that the State has jurisdiction over gambling matters instead of the Gaming Act — relying on the language in the Settlement Act that required Congress to specifically relate any federal legislation to Maine.

"We hold that Congress did not make the Gaming Act specifically applicable within Maine, and that, therefore, the Tribe is not entitled to an order compelling the State to negotiate a compact for Class III gaming." (75 F3rd at 794.)

Accordingly, in Maine, the Maine Indian Claims Settlement Act of 1980 governs gambling matters of common political concern to Maine, the Passamaquoddy Tribe & the Penobscot Nation and not the IGRA.

## D. LEGISLATIVE PROPOSALS IN THE 117TH LEGISLATURE

### *LEGISLATION OF THE 117TH LEGISLATURE, FIRST REGULAR SESSION (1995)*

- LD #13:**     **An Act to Specify Sales Commissions for All Lottery Agents.**     Ought Not To Pass
- This bill would have increased the Sales Commission on all on-line lottery sales.
- LD #269**     **An Act to Increase Revenue from Off-Track Betting.**     Ought Not To Pass
- This bill would have imposed a tax on Off-Track Betting winnings.
- LD #400**     **An Act to Authorize Video Gaming**     Carried over to 2nd Reg. Session (Ch. 677)
- This bill, as originally written, would have authorized the operation of video lottery terminals.
- LD #808**     **An Act to Better Enable Small Businesses to Keep On-line Lottery Machines**     Ought Not To Pass
- This bill would have allowed lottery agents whose average monthly sales were below the State quota to keep their machines if they contributed to the cost of maintaining the machines.
- LD #816**     **An Act to Dedicate the State Lottery Fund for School Funding**     Ought Not To Pass
- This bill would have dedicated receipts from the State Lottery Fund to general purpose aid to local schools.
- LD #1218**     Carried over to 2nd Regular Session
- LD #1303**     Carried over to 2nd Regular Session

**LD #1373      An Act to Prohibit Fairs from Restricting  
Simulcasting at Off-Track Betting Parlors**      Ought Not  
To Pass

This bill would have removed the statutory provision that gave noncommercial racing licensees the authority to prohibit an off-track betting parlor from simulcasting events when the licensee is running races.

## **PUBLIC LAWS**

Public Law 1995,      **An Act to Allow Certain Employees of the Maine State Liquor  
Chapter 158              and Lottery Commission and Their Families to Purchase  
Lottery Tickets**

The bill allowed selected employees of the Maine State Liquor and Lottery Commission and their families to purchase lottery tickets.

Public Law 1995,      **An Act to Change the Commissions Payable to the State from  
Chapter 403              Off-Track Betting.**

This bill changed the commissions for certain Off-Track Betting parlors.

Public Law 1995,      **An Act to Strengthen Maine's Live Harness Racing Industry**  
Chapter 408

This bill basically changed purse distributions and made other changes relative to harness racing.

## ***LEGISLATION OF THE 117TH LEGISLATURE, SECOND REGULAR SESSION (1996)***

**LD #1218      An Act to Amend the Laws Relating to Harness  
Racing.**      Ought Not  
To Pass

This bill would have authorized commercial harness racing tracks, fairs, and OTB facilities to operate video lottery terminals.

**LD #1303     An Act to Clarify Definitions Under the Laws  
Concerning Games of Chance.**

Died  
Between  
Bodies

This bill would have amended certain laws relating to Games of Chance including the definitions under scrutiny in the courts. (See Public Law 674)

**PUBLIC LAWS     TITLE**

Public Law 1995,  
Chapter 652

**An Act Relating to Payment of Tri-state Lotto Prizes**

The bill permits the voluntary assignment of Tri-State Lotto Prizes.

Public Law 1995,  
Chapter 674

**An Act to Clarify the Gambling Laws of Maine**

This bill changes the definition of "Games of Chance" so that a defining element is whether chance influences the outcome of the game in a manner that cannot be overcome by the application of skill. It also allows individuals and businesses to request the State Police to make a determination whether a particular game, contest, scheme or device is a game of chance or a game of skill.

Public Law 1995,  
Chapter 677

**An Act to Clarify the Laws Relating to Gaming and Harness  
Racing (LD # 400)**

This bill, originally entitled "An Act to Authorize Video Gambling", was carried over from the first regular session. It originally proposed to authorize the operation of video lottery terminals in clubs, hotels, nonprofit establishments and lounges licensed to sell liquor for on premise consumption. The original bill was replaced and the enacted Law made technical corrections in the off-track betting laws concerning reduced payments for a certain OTB facility, repealed the sunset provision regarding reduced payments and allowed any organization chartered by a national organization to obtain a Beano license, relieving those organizations from the current requirement that they be in existence in Maine for two years before obtaining a license.

**E.     THE HARNESS RACING TASK FORCE REPORT**

According to the Executive Order establishing the Advisory Committee on Gambling, off-track betting and simulcasting are clearly within the scope of this Committee's responsibilities to conduct "a comprehensive review of *all* of Maine's laws on gambling" (*emphasis added*). The Executive Order, however, also requires this Committee to consider the recommendations of the Harness Racing Task Force pertaining to the most effective regulation of off-track betting and simulcasting. Accordingly, the task of this Committee is not to duplicate the work that the Harness Racing Task Force is doing; but to see how it fits into a state-wide gambling scheme of *all* of Maine's laws on gambling.

The Harness Racing Task Force, in its study, sought solutions and ideas on ways to bring money into the harness racing industry, promote harness racing and improve track conditions. They have reviewed, among other issues:

- reduction of track expenses,
- ways to increase betting on harness racing,
- looking at the Commission budget,
- the distribution of revenues,
- efficiency of race operations,
- effectiveness of OTB regulation,
- regulation and enforcement of harness racing, and
- review of the Harness Racing Promotional Board and its possibilities for improving harness racing in Maine.

The final report of the Harness Racing Task Force was released on March 7, 1997. The recommendations that pertain to the most effective regulation of off-track betting and simulcasting have been reviewed by this Committee and are included in Part VII of this report.

### III. NATIONAL, STATE AND PROVINCIAL GAMBLING

#### A. GAMBLING IN THE UNITED STATES

In the United States the forms of gambling that have been legalized vary from state to state, with Nevada, Connecticut, Rhode Island, and New Jersey among the early liberal states. Nevertheless, all but Hawaii and Utah now have legalized at least some forms of gambling, which has become a growing source of state revenue. By the early 1990's, a majority of American states ran lotteries.<sup>2</sup>

In the American colonies lotteries were authorized by the colonial legislatures to raise funds for such public purposes as the paving of streets, the construction of wharves, and the erection of churches. Lotteries to finance buildings for Yale and Harvard colleges were held in 1750 and 1772, respectively. In 1777, the Continental Congress attempted to raise funds by lottery for the revolutionary army.

Lotteries were popular in the United States, although dishonest practices in both private and public lotteries eventually forced states and the federal government to take action. Growing opposition, particularly among the churches, led to legislation in 1833 prohibiting lotteries in New York and Massachusetts and, during the next two decades, in most of the other states. A private lottery, known as the Louisiana State Lottery, was authorized by the state of Louisiana in 1868 and was a profitable business for 25 years until the charter expired. Congress forbade the use of the mails for lottery purposes in 1890 and five years later prohibited the shipment of lottery tickets or advertisements through interstate commerce. Between the 1890's and 1963, no government-sponsored lotteries were held in the United States.

In 1963, however, New Hampshire authorized a sweepstakes lottery and designated a proportion of the moneys made to be spent on its education system. The lottery proved so profitable that, by the end of the 1980s, more than half of the states (and the District of Columbia) had approved lotteries — among them, California, Massachusetts, New Jersey, New York, and Pennsylvania. The practice of the states is to reserve a certain percentage of the lottery take for expenses, a large percentage for the state itself, and a lesser percentage for prizes. Resisting the growing popularity of state lotteries, North Dakota voters rejected one in 1988.<sup>3</sup>

I. Nelson Rose, professor of law at Whittier Law School, indicates that legal gambling occurs in the United States on a cyclical basis. This country, he states, is now "in the middle of the third wave of legal gambling." According to professor Rose, the second wave of gambling ended by 1910, when virtually all gambling in the United States was outlawed.

In the 1930's the most recent trend toward legalized gambling began when Nevada legalized casinos (1931), 21 states authorized racetracks, and low-stakes charity bingo spread throughout the nation.

In the 1940's and 1950's, almost all states changed their laws "to allow pari-mutuel betting on horses and low-stakes charity gambling." The first legal lottery drawing in the United States in this century was held in New Hampshire in 1964. In 1978, New Jersey became the second state with casinos.

---

<sup>2</sup> Frank Ragland, Microsoft (R) Encarta. Copyright (c) 1993 Microsoft Corporation, (c) 1993 Funk & Wagnall's Corporation.

<sup>3</sup> SOURCES: Adler, Bill, *The Lottery Book* (1986); Lang, John T., *Digest of State Lotteries* (1983); Wagman, Robert, *Instant Millionaires: Cashing in on America's Lotteries* (1986); The New Grolier's Multimedia Encyclopedia, Copyright - 1993 Grolier Electronic Publishing; and "Lottery," Microsoft (R) Encarta. Copyright (c) 1993 Microsoft Corporation, (c) 1993 Funk & Wagnall's Corporation.

Maine, New Hampshire and Vermont began the first interstate lottery in 1985. In 1988, the first national lottery, Lotto America (now called Powerball), was created. Also in 1988, the Indian Gaming Regulatory Act was signed by President Reagan. (The U.S. Supreme Court had affirmed the right of Indian tribes to self-regulate high-stakes versions of all games not prohibited by state law in 1987.)<sup>4</sup>

The Maine Department of Public Safety polled all 50 states and created the tables in Appendix B showing what gambling is legal in each state. Only four states — North Carolina, South Carolina, Utah and Tennessee — have prohibited all forms of legal gambling.

Today, 48 states allow some form of legal gambling, 36 states run lotteries, and close to 200 Indian tribal governments operate gambling facilities in 24 states.<sup>5</sup>

## B. GAMBLING IN NEW ENGLAND STATES

The Maine Department of Public Safety presented a report on the status of gambling in the New England states in regard to Beano (Bingo), Games of Chance, and Electronic Video. The report identifies what type of gambling exists in the New England states and the kind of regulation for that gambling. This report has been compiled into the following table:

<b>BEANO (BINGO)</b>	<b>MAINE</b>	<b>NEW HAMPSHIRE</b>	<b>VERMONT</b>	<b>MASSACHU- SETTS</b>	<b>RHODE ISLAND</b>	<b>CONNECTI- CUT</b>
<b>1. Regulated</b>	yes	yes	yes	yes	yes	yes
<b>2. Regulated by whom</b>	State Police	Sweeps/Safety	no dedicated unit	State Police	State Police	Dept. of Special Revenue, Charitable Games Unit
<b>3. Number of Enforcement Personnel</b>	3	5	no dedicated unit	10	1	7 field
<b>4. Responsibilities of Unit</b>	Beano, Games of Chance, etc.*	Enforce laws & rules	no dedicated unit	OC, Intl, & Gaming	include licensing, monitoring & enforcement powers	monitor and regulate
<b>5. Number of Civilian Personnel</b>	0	1	0	1	1	0
<b>6. License required</b>	yes	yes	no	yes	yes	yes
<b>7. Who's licensable</b>	non-profits & fairs	charitable organizations registered with A.G.	non profit organizations	non-profit	charitable organizations	non-profit
<b>8. License Fees</b>	\$ 22.50 a month	\$ 25 per game	none	yes	yes	\$ 75 per year

<sup>4</sup> Gambling and the Law: Pivotal Dates, by I. Nelson Rose, Professor of Law at Whittier Law School, Los Angeles, California, © 1995

<sup>5</sup> Governor's Bulletin, August 19, 1996, page 1.

<b>BEANO (BINGO)</b>	<b>MAINE</b>	<b>NEW HAMPSHIRE</b>	<b>VERMONT</b>	<b>MASSACHU- SETTS</b>	<b>RHODE ISLAND</b>	<b>CONNECTI- CUT</b>
<b>9. License Period</b>	weekly, monthly	per month	N/A	unknown	7/1 to 6/30	once a week
<b>10.Number of Licensees</b>	400	360	N/A	1,000	58	560
<b>11.State Revenues</b>	none		none	unknown	none	\$ 443,000
<b>12.License Revenue</b>	\$ 75.941		none	unknown	\$ 6,755	
<b>13.Gross to Licensee's</b>	\$ 34,166,855		none	unknown	\$ 12,478,464	\$ 32 million
<b>14.Net to Licensee's</b>	\$ 6,905,163		none	unknown	\$ 2,109,704	\$ 6.5 million
<b>15.Copy of Statutes</b>	yes	yes	yes		yes	yes
<b>16.Commercial Halls</b>	yes	yes	no	no	no	no
<b>17.High Stakes</b>	yes	yes	no	no	no	yes
<b>GUIDING RULES</b>						
<b>1. Bet Limits</b>	no	no	N/A	Yes, Unknown		\$ 50
<b>2. Prize Limits</b>	\$ 1,400	\$ 3,500 per night + Winner Take All + Carry-over	\$ 400/ single game; up to \$50,000/one year/one game	Yes, Unknown	\$ 4,250 per night	\$ 400
<b>3. Age Limit to Conduct a Game</b>	16	over 18	N/A	18	18	16 w/ parental permission
<b>4. Age Limit for Players</b>	16	over 18	no	18	18	none
<b>5. Report Requirements</b>	yes	yes	yes	yes	yes	yes
<b>6. Disposition of Funds</b>	yes	yes	yes	yes	yes	yes
<b>7. Required Contribution to Charity</b>	yes & no	yes	yes	yes	yes	no
<b>8. Expenditure of Proceeds Regulated</b>	yes	yes	yes	no	yes	yes
<b>9. Restrict Dates of Conduct</b>	yes	yes	yes	yes	yes	yes
<b>10.Restrict Location of Conduct</b>	yes	yes	yes	yes	yes	no
<b>11.Location Requirements</b>	yes	yes	yes	yes		no
<b>12.Payment for Services (If allowed, what kind)</b>	yes (Manager & worker)	\$ 8.00 per night	"reasonable expenditures "	yes, Unknown	not allowed	no
<b>13.Class of Violations Criminal Administrative</b>	yes no	yes yes	yes no	yes yes	yes yes	no yes

# BEANO (BINGO)

	MAINE	NEW HAMPSHIRE	VERMONT	MASSACHUSETTS	RHODE ISLAND	CONNECTICUT
14. Violation Process Criminal Administrative Internal License Sanctions	yes no no	yes yes yes	yes no no	yes no yes	yes yes yes	no yes yes
15. Do you Control Safety Responsibilities (If yes, what kind.)	yes	yes (fire code)	no	yes (fire marshall)	yes (State fire marshall must inspect bingo halls and verify that halls are in compliance with R.I. fire code	no

\* Contract Security, CFP, Brady checks, Distributors, Gambling, Weapons Investigations, Convicted Felon Permits.

# GAMES OF CHANCE

	MAINE	NEW HAMPSHIRE	VERMONT	MASSACHUSETTS	RHODE ISLAND	CONNECTICUT
1. Regulated	yes	PROHIBITED	yes	yes	Yes	yes
2. Regulated by whom	State Police		Department of Taxation	State Police	State Police	tribal compact
3. License required	yes		yes	yes	yes	yes
4. Who's licensable	non-profits & fairs		distributor and manufacturer	Non-profit	Charitable organizations	Native Americans
5. License Fees	\$ 36 monthly		\$ 2,000 and \$ 3,000	yes	\$ 5.00	
6. License Period	weekly, monthly		annual	daily	per event	
7. Number of Licensees	500			500	1,147	
8. State Revenues				Unknown		
9. License Revenue	\$ 432,220			Unknown	\$ 6,755	
10. Gross to Licensee's	\$ 43,057,554			Unknown	not available	
11. Net to Licensee's	\$ 9,540,095			Unknown	not available	
12. Copy of Statutes	yes				yes	
13. Types	any but slot and roulette		Break open tickets	Sealed tickets, Keno, Casino Nights	raffles	Casino only
GUIDING RULES						
1. Bet Limits	\$ 0.50		None	Yes		
2. Prize Limits	No		None	Yes	none	
3. Age Limit to Conduct a Game	16		Yes	18	18	

## GAMES OF CHANCE

	MAINE	NEW HAMPSHIRE	VERMONT	MASSACHUSETTS	RHODE ISLAND	CONNECTICUT
4. Age Limit for Players	16		None	18	18	
5. Report Requirements	yes		yes	yes	yes	
6. Disposition of Funds	yes		yes	yes	yes	
7. Required Contribution to Charity	no		yes	yes	yes	
8. Expenditure of Proceeds Regulated	yes		yes	No	yes	
9. Restrict Dates of Conduct	no		no	yes	yes	
10. Restrict Location of Conduct	yes		no	yes	yes	
11. Location Requirements	no			yes		
12. Payment for Services (If allowed, what kind)	yes, but only for Lucky Seven played w/ Beano (worker)			yes, Unknown	not allowed	
13. Class of Violations Criminal Administrative	yes no		yes yes	yes	yes yes	
14. Violation Process Criminal Administrative Internal License Sanctions	yes no yes		yes no yes	yes no yes	yes yes yes	
15. Do you Control Safety Responsibilities (If yes, what kind.)	yes		no	yes (Fire Marshall)	yes (State Fire Marshall must inspect facilities)	

## ELECTRONIC VIDEO

	MAINE	NEW HAMPSHIRE	VERMONT	MASSACHUSETTS	RHODE ISLAND	CONNECTICUT
1. Central Computer Monitoring	no	DO NOT HAVE.	NOT LEGAL	NO LEGAL GAMES	yes	no
2. Regulated	yes				yes	Casino only
3. Regulated by whom	State Police				Lottery Commission	

# **ELEC- TRONIC VIDEO**

	MAINE	NEW HAMPSHIRE	VERMONT	MASSACHU- SETTS	RHODE ISLAND	CONNECTI- CUT
4. License required	yes				yes	
5. Who's licensable	non-profits & fairs				Dog tracks and Jai Alai	
6. License Fees	\$ 60 monthly				no	
7. License Period	weekly, monthly				year	
8. Number of Licensees					2	
9. State Revenues					Unknown	
10. License Revenue					Unknown	
11. Gross to Licensee's					Unknown	
12. Net to Licensee's					Unknown	
13. Copy of Statutes						
14. Types	poker				poker, slots, black jack, keno	

## **GUIDING RULES**

1. Bet Limits	\$ 0.50				\$ 0.25, \$ 0.50, \$ 1.00 up to \$10.00	
2. Prize Limits	prizes prohibited				\$ 6,000	
3. Age Limit to Conduct a Game	16				18	
4. Age Limit for Players	16				18	
5. Report Requirements	yes				yes	
6. Disposition of Funds	yes					
7. Required Contribution to Charity	no					
8. Expenditure of Proceeds Regulated	yes					
9. Restrict Dates of Conduct	no				no	
10. Restrict Location of Conduct	no, but 5 to a location				yes	
11. Location Requirements	yes					
12. Payment for Services (If allowed, what kind)	yes, contract with distributors (½)					

<b>ELEC- TRONIC VIDEO</b>	<b>MAINE</b>	<b>NEW HAMPSHIRE</b>	<b>VERMONT</b>	<b>MASSACHU- SETTS</b>	<b>RHODE ISLAND</b>	<b>CONNECTI- CUT</b>
<b>13.Class of Violations Criminal Administrative</b>	yes no				yes yes	
<b>14.Violation Process Criminal Administrative Internal License Sanctions</b>	yes no yes				yes yes no	
<b>15.Do you Control Safety Responsibilities (If yes, what kind.)</b>	yes				yes (fire marshall)	

Major Harmon, from the Maine Department of Public Safety, made some general observations from the information. Most states have dedicated more people than Maine to regulate Beano, Games of Chance and Electronic Video. States generally only see revenues when the gambling is allowed on a for-profit basis. There are no great variations in Beano regulation and enforcement in New England.

Specific state observations regarding Beano, Games of Chance and Electronic Video are:

#### ***MAINE***

- ✓ There is no direct revenue stream, only licensing fees; and they must be used directly for administration and enforcement.
- ✓ Beano was originally only played once a week. When you license an organization weekly/monthly and they only play once a week it appears that you are licensing one game for a set fee. Now, Beano games have evolved into more than one Beano session a week for some organizations; but, the fees have remained at \$7.50 weekly. Thus the relationship between number of games and the licensing fee is not direct. Games of Chance, on the other hand, are licensed by each individual game. If there were five games in one establishment (the maximum allowed), it would require 5 licenses. There is a difference in licensing fees for Beano and Games of Chance.
- ✓ Games of Chance licensing sanctions are only for distributors, not for licensees.

#### ***NEW HAMPSHIRE***

- ✓ The reporting requirements for Beano are the same as in Maine.
- ✓ No figures were available for the net revenue to licensees for Beano.

#### ***VERMONT***

- ✓ Vermont regulates Beano, but there is no license required. Vermont absorbs the cost of regulation.
- ✓ Although there are no high stakes Beano games in Vermont allowed, the anomaly is that there is a \$50,000 limit available.
- ✓ Vermont only allows the Game of Chance called Lucky Seven (which is a break open ticket.)

### **MASSACHUSETTS**

- ✓ Investigators are rarely involved with Beano, mostly with Games of Chance.
- ✓ Beano money and accounting goes directly to the financial people, not the investigators.

### **RHODE ISLAND**

- ✓ Rhode Island has only one full-time person to regulate Beano and that is a civilian.
- ✓ Rhode Island generates more Beano gross revenue and net revenue per organization than Maine.
- ✓ The Beano prize limit is 3 times higher than in Maine.
- ✓ Rhode Island has over twice the Games of Chance licensees than Maine.
- ✓ The gross and net revenue for Games of Chance are not tracked as closely as Beano and are not available.
- ✓ Rhode Island does not have as many different Games of Chance as Maine does.

### **CONNECTICUT**

- ✓ Connecticut is the only New England state getting General Fund revenue from Beano.
- ✓ Although there are no location restrictions on Beano, there are date restrictions.
- ✓ There is no criminal violation for Beano, only administrative. A violator can be charged with "unlawful gambling" if not licensed.
- ✓ Games of Chance are only allowed at Casinos.
- ✓ Although Connecticut does not allow Electronic Video, they do have problems with the use of the machine and problems with the manufacture of machines.

## **C. NATIONAL/MODEL LEGISLATION**

National or model legislation is largely unavailable. The National Conference of State Legislators has not focused their attention on gambling and has not done much work in this area. (See information on the National Council of Legislators from Gaming States in Part IV of this report.)

The only model legislation available at the present time is:

1. The Model Riverboat Gambling Control Act prepared by the Governmental Relations Staff at The Promus Companies Incorporated, a gaming industry organization.
2. Standards for the regulation of Coin-Operated Video Devices developed by NAGRA, the North American Gaming Regulators Association, (an organization of state gambling regulatory officials). At one time, these model standards were adapted and proposed for Maine use if video gambling devices were to be authorized in Maine. Major Harmon of the Maine State Police indicated that the video regulation scheme was about as adequate as a regulatory scheme could be.

## **D. OVERVIEW OF GAMBLING GOVERNING STRUCTURES IN OTHER STATES**

Gambling is regulated by the various states in different ways.

- |  |           |
|--|-----------|
| 1. Separate agency for each form of gambling:                                  | 23 states |
| 2. Lottery and Charity Games under one agency:                                 | 6 states  |
| 3. Racing and Casinos under one agency:  | 2 states  |
| 4. Charity Games and Casinos under one agency:                                 | 3 states  |
| 5. Charity Games and Racing under one agency:                                  | 1 state   |
| 6. All forms under a single agency:  | 3 states  |
| 7. States with only two forms of legal gambling:<br>each regulated separately: | 5 states  |
| 8. States with only one form of legal gambling:                                | 5 states  |
| 9. States with no legal gambling:  | 2 states  |

## **E. OTHER STATES**

This Committee discussed the impossibility, within reasonable resources, of looking at all states exhaustively (except the New England summary in Section B) and decided to pick states that are (1) similar to ours (e.g. in regard to the nature of the gaming or the process of regulation/enforcement/supervision) and (2) states that have experiences that would be helpful to us, e.g. a regulatory structure that had problems or that have one gaming commission [and see how that is working].

Appendix B includes a synopsis of the gambling activities of other states.

## IV. DEVELOPMENTS AND TRENDS IN THE GAMING INDUSTRY

### A. GROWING INTEREST IN GAMBLING

Historically, legal gambling activity in the United States has oscillated between more gambling and less gambling. It has been suggested that legal gambling generates disreputable activity that stretches to areas that offend the public sensitivity until the public makes gambling illegal. After a time, interest in legalizing gambling grows again. Professor Rose has suggested that we are in a cycle of growth in gambling activity in the United States.<sup>6</sup>

Gambling has experienced significant growth just in the last 12 years. According to *LaFleur's 1996 World Lottery Almanac* published by the *International Gaming & Wagering Business* magazine, total legal wagering nationwide has increased from about \$110 billion in 1982 to \$482 billion in 1994 and nationwide lottery sales have increased from under \$4 billion to \$28.53 billion in the same time period.

Many states are studying or have studied gambling recently. A recently created Federal study (*See following*) will report its findings in two years.

#### ***NATIONAL GAMBLING IMPACT STUDY COMMISSION ACT***

On August 3, 1996, federal legislation created the National Gambling Impact Study Commission. The new law created a 9-member commission to conduct a comprehensive legal and factual study (the first federal study of gambling in 20 years) of the social and economic impacts of gambling in the United States on:

1. Federal, State, local and Native American tribal governments; and
2. communities and social institutions generally, including individuals, families and businesses within such communities and institutions.

The matters to be studied include:

1. a review of existing Federal, State, local and Native American tribal government policies and practices with respect to the legalization or prohibition of gambling, including a review of the costs of such policies and practices;
2. an assessment of the relationship between gambling and levels of crime, and of existing enforcement and regulatory practices that are intended to address any such relationship;
3. an assessment of pathological or problem gambling, including its impact on individuals, families, businesses, social institutions, and the economy;
4. an assessment of the impacts of gambling on individuals, families, businesses, social institutions, and the economy generally, including the role of advertising in promoting gambling and the impact of gambling on depressed economic areas;
5. an assessment of the extent to which gambling provides revenues to the State, local, and Native American tribal governments, and the extent to which possible alternative revenue sources may exist for such governments; and

---

<sup>6</sup> Gambling and the Law: Pivotal Dates, by I. Nelson Rose, Professor of Law at Whittier Law School, Los Angeles, California. © 1995

6. an assessment of the interstate and international effects of gambling by electronic means, including the use of interactive technologies and the Internet.

By November, 1996, President Clinton had already picked several members of the Commission: J. Terrance Lanni, chairman of MGM Grand, Inc.; Kay James, dean of the Robertson School of Government at Regent University in Virginia Beach, Va.; James Dobson, a cofounder of the Focus on the Family group; and Paul Moore, a Mississippi radiologist.

### ***NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES***

The National Council of Legislators from Gaming States (NCLGS) is a newly created group of state officials that appears very organized and covers all aspects of gambling from horse racing and dog racing to jai lai. It takes no funding from the gambling industry. The focus of the new group was neither for nor against gambling, but rather informative, and was created to deal with gambling issues for states because "gambling is here and we should learn about it."

The issues discussed at a recent meeting included:

- the intensive competition from different gaming interests;
- the number of and the income from video games and video lottery terminals;
- the trend towards cyber-casinos (operated by foreign nationals and currently the subject of court action on their legality);
- the rise of state referendums on gambling questions (asking whether it was time to let the people decide the extent, if any, gambling should be in a state instead of that decision being made by the legislators or the governor as is the case in some states);
- casinos at Indian facilities;
- regulations on Bingo;
- riverboat gambling (including the high degree of competition for the "ships to nowhere");
- gambling boats and the 3-mile limit (including discussion of Federal legislation regarding a requirement that these boats must stop at another/foreign port before returning to the home port);
- interactive and INTERNET phone gambling (with some system to block minors from using the phone to gamble);
- addiction to gambling;
- taxes related to thoroughbred ownership; and
- the problem with "gray machines" (which recognized a desire by some citizens for this type of gambling, but discussed issues of how far to go and what was right and wrong about the gray machines).

### ***1996 ELECTION ACTIVITY***

Twelve states included gambling issues on their ballots in November, 1996. Seven states rejected the expansion of gambling-related measures, four states approved gambling expansion measures and one state, Louisiana, experienced mixed results as a result of votes in individual parishes. Individual Louisiana parishes can approve or reject some gambling measures.

In New Hampshire, the expansion of video gambling in New Hampshire's four race tracks became an election issue in the gubernatorial race. Jeanne Shaheen, the successful candidate indicated that

she would be willing to consider legislation to allow video gambling to the state's race tracks if the local communities agreed to it. Her opponent, Ovide Lamontagne accused her of trying to turn New Hampshire into a Las Vegas.<sup>7</sup>

In Maine, a citizen initiated bill proposal was circulated in the Southern part of the state that would allow slot machines anywhere pari-mutuel wagering was licensed.

## **B. VIDEO GAMING**

Video gaming, a recent trend in gambling activity brought about by the rapid technology increase in computers and the computer-related field, is the latest and the hottest gambling device on the market these days. Video gaming involves an electronically controlled, computer operated, stand alone gaming device that displays a gambling activity (such as a lottery game or a poker game) on a video display terminal that the player operates for an instant win or lose game.

States "are turning to video lottery [one form of video gambling] for several reasons...[it] offers players an entertaining and intriguing new type of lottery game that is secure, regulated and monitored...[it] help[s] control illegal or "gray" machines ... [and it] has proven to be a top revenue-producing game and its sales continue to grow."<sup>8</sup>

Speaking from a different perspective, Ron Reno, a social scientist from Focus on the Family (see Part VI), stated in testimony before this Committee that "video gambling is highly addictive behavior, especially for young people."

Whatever your perspective, video gaming is currently on the forefront of "new" gaming and will certainly be a prominent issue in the gambling debate in Maine as well as across the nation.

## **C. OTHER TRENDS**

### ***INTERNET GAMBLING***

The explosion of the use of the INTERNET has not gone unnoticed by those promoting gambling activities. Some estimates indicate that the number of on-line gaming web sites has reached 600 already.<sup>9</sup>

Under Maine law (17-A MRSA §957) it does not matter where the illegal gambling activity is taking place. If you place a bet in Maine (even by phone or computer) that activity is illegal under Maine law. One solution, although it doesn't work for every situation, is to have the phone company block the calls to a particular line. In Idaho, where the Native Americans have set up a dial-up betting line, the state of Maine can (under Federal law) have calls to that number coming from Maine blocked. Testimony from State Police officials noted the following information about Internet Gambling:

- Oklahoma offers INTERNET Beano. INTERNET Beano is illegal in Maine, but it is difficult to enforce.

---

<sup>7</sup> Bangor Daily News, Monday, October 28, 1996.

<sup>8</sup> Public Gaming International, July 1996, page 21

<sup>9</sup> International Gaming & Wagering Business, December 1996, page 54

- All INTERNET gaming sites appear to be set up in locations that do not have extradition laws. In addition to international sites, this also is applicable to native American sites. Native American tribes are sovereign. They cannot be indicted. Any U.S. or Maine enforcement must take place after owners/operators leave the reservation lands.
- INTERNET gambling is here to stay, it won't go away. The reality of the situation at the present time is there is not much that can be done about it at the state level. The Federal government should take action on this.
- INTERNET gambling has so many points of entry and those points of entry can't all be closed (e.g. by blocking one phone line.)
- Although people are cautious about sending money to places like Antigua, the system is evolving in areas such as INTERNET standards and control of credit so that people can feel comfortable sending money to those places.
- The laws are not written for such a dramatic change in technology as has been experienced. The challenge is to write laws dealing with gaming so that the basic laws can still be used to enforce gaming even with as yet unrealized technological changes.

Gambling from your home via computer may be in our future sooner than we realize. European on-line gambling is being implemented today. Liechtenstein is already selling lottery tickets on the INTERNET.

### ***MISCELLANEOUS ACTIVITY***

Other gambling trends emerging include:

- Declining lottery sales in many parts of the United States, especially for on-line games. "Individual states are developing innovative on-line games to meet the demands of specific markets<sup>10</sup>."
- Increasing competition for the pari-mutuel racing industry from casino and lottery-style games. "More and more racetracks are turning to slots and card rooms to compete."<sup>11</sup>
- Experimenting with and exploring in-flight gambling opportunities by airlines, including British Airways and Debonair Airways, a regional European airline.<sup>12</sup>
- Increasing interest in telephone betting as a method of wagering from home. Telephone betting is now operational in Pennsylvania and at Churchill Downs in Kentucky.
- Increasing gaming activity by Native Americans, especially casino-style gambling, as evidenced by the rapid increase in Native American gaming establishments.
- The increase in slot machines from a quiet side-event at gaming establishments to keep the wives of high-rollers occupied to the present day high technology machine with all the bells and whistles. One magazine estimates that slot machines generate 65% of the revenues and occupy 80% of the floor space in modern gambling establishments.<sup>13</sup>

<sup>10</sup> International Gaming & Wagering Business, December 1996, pages 58-59

<sup>11</sup> Ibid., p.59

<sup>12</sup> International Gaming & Wagering Business, October 1996, pages 133-134

<sup>13</sup> International Gaming & Wagering Business, May 1996, pages 6-13

- Development of new ways to keep the money that customers spend on gambling in their hands while at the gambling establishment or even while still at the gambling table. What started with extending credit to gamblers and the addition of ATM and credit card advance machines on the gambling floor seems to be traveling down the path of instant money towards “in-house cashless gaming.”<sup>14</sup>

Regardless of each person’s individual feeling about gambling, these trends must be examined and addressed by policy-makers. To return to a quote earlier in this report: “There is no historical period or culture to which gambling is unknown.” (Chapter I.)

---

<sup>14</sup> International Gaming & Wagering Business: September 1996, October 1996, and December 1996

## V. THE ECONOMIC IMPACT OF GAMBLING

In a recent issue of *The Economist* (January 25th, 1997, pp. 26-28), the economics of gambling was discussed. They estimated that in 1995 "a record \$44.4 billion in profits, 11% more than the previous year," was taken from \$550 billion wagered on all forms of legal gambling by 154 million people. The article indicated that gambling has been expanding in the United States partly under the assumption that it would provide a boost to stagnant government economies (from the state to the community level), create employment, and provide improvements to the infrastructure of run-down urban centers.

The article, however, also indicated the difficulty in analyzing or diagnosing the cause of the economic impact of gambling. It went on to state that job creation may be in the menial tasks and may be cancelled out by jobs lost or jobs that would have been created anyway. In addition, the rapid expansion of gambling may diminish economic projections of existing gambling establishments and the cost of "negative externalities" make it "far from clear that gambling benefits anyone except the casino operators". Negative externalities, as economists are fond of calling them, are the rising costs of law enforcement, street cleaning, and (some argue) social services needed when a new enterprise enters the community.

This Committee attempted to look at the economic impact of gambling in Maine. Economic data on gambling activities in Maine is collected and analyzed by:

1. The Bureau of Alcoholic Beverages and Lottery Operations (lottery data),
2. The Maine Harness Racing Commission (harness racing and OTB data), and
3. The Licensing Division of the Maine State Police (Beano and Games of Chance).

Each agency collects data sufficient to construct simplified balance sheets for all gambling operations in Maine. The Committee wishes to thank all 3 agencies and the State Planning Office for their assistance in providing economic data for this report.

### A. TOTAL STATE GAMBLING SPENDING: SUMMARY

**Maine Gambling Data Summary, FY 1996**  
(in millions of dollars)

	Gross Wagers	Winner Payouts	Net Retained
Beano	\$ 34.167	\$ 25.353	\$ 8.814
High Stakes Beano	2.375	0.439	1.936
Games of Chance	43.056	31.171	11.885
Harness Racing	63.549	50.023	13.525
(Calendar Year 1995)			
Lottery	<u>148.480</u>	<u>83.639</u>	<u>64.841</u>
Total	\$ 291.627	\$ 190.625	\$ 101.002

NOTE: There are no reliable estimates of illegal gambling revenues at this time. Accordingly, it is also not possible to estimate the amount of taxes and revenues lost by operation of "gray machines" in Maine.

Beano and Games of Chance profits are used for various projects by the nonprofit sponsoring organizations. Some retain most of the profit for projects benefiting the organization and its members while others transfer most of the profit to charities. Profits from High Stakes Beano are transferred to the Tribal Government. Harness Racing tracks, on the average, merely break even, so there are no profits. Track expenditures serve only to keep the tracks open. Lottery "profit" is transferred to the State General Fund.

The available data on expenditures of gambling operations within a community is not sufficiently detailed to estimate accurately. Although detailed hard data does not exist, it is estimated that a very large percentage of some gambling organizations' revenues are respent within Maine. It is likely that an estimated 75% of Beano and Games of Chance revenues are respent with the region (the community where the operation is located, plus neighboring communities). An estimated 25% of harness racing revenues would be respent in the community and a very small percentage of lottery revenues would be respent in the same regions where the tickets were bought. (Ticket sellers get an 8% commission.)

To the extent that the small gambler habits can be identified, they are spending discretionary money and that money would probably be spent elsewhere in the state if they could not gamble with it. In regards to the heavy gambler, some money spent by the heavy gambler would be spent out of state if that person's form of gambling were not available in Maine. The heavy gambler has a tendency to play his or her favorite game and if it is unavailable in-state, the assumption is that they will go out of state for that game. An undocumented estimate of the impact of the heavy gambler on the total handle is that 80% of the money is spent by 10% of the gamblers. *Although this is an often quoted figure, the source for this could not be identified. Please note this is a rule of thumb at best and not a statistic that can be supported.*

If money that would have been spent on gambling is spent in other ways in the community, there is no total net gain or loss on the economic impact to the community. It is just a redistribution of the same money. Whether it is a good or a bad thing to distribute this money by gambling activities is a social question, not an economic question.

## **B. ECONOMIC IMPACT OF GAMBLING IN MAINE**

Direct economic impact is the money spent directly by an industry, e.g. the payroll of a company. This is money that is spent in the state and generates employment. Secondary economic impact is the respending in the community of the direct money (but not the money that goes out of state.)

### ***THE LOTTERY***

Maine Lottery sales in FY 1996 were about \$148 million. The transfer to the General Fund was 37.7 Million (or about 25% of sales). Another \$1.6 million was transferred to a Fish and Wildlife fund. As a comparison, lottery transfers equaled 56% of the Corporate tax revenues to the State in that same time period.

Pan Atlantic Consultants undertook an economic impact study of the lottery in 1994, using data from FY 1992 through FY 1994. As average annual transfers to the General Fund were nearly the same then as in Fiscal Year 1996, the total economic impacts of lottery operations would be approximately the same now as then. Based on that assumption, the economic impacts of the lottery are:

- ✓ 1,221 jobs supported directly
  - ✓ 387 jobs supported indirectly (as a result of "multiplier" effects)
- TOTAL JOBS = 1,608**

- ✓ \$17.4 Million in direct payroll
  - ✓ \$ 5.7 Million in indirect payroll
- TOTAL PAYROLL = \$ 23.1 Million**

### ***HARNESS RACING***

The Maine State Planning Office submitted an analysis of the economic value of the Maine Harness Racing Industry to the Harness Racing Task Force in December 1996. Excerpts from that analysis indicate the following:

#### **ESTIMATED ECONOMIC VALUE: 1995**

	(figures are in millions)		
	Direct Expenditures <sup>1</sup>	Payroll <sup>2</sup>	FTE Employment <sup>3</sup>
Direct Impacts	\$ 11.0	\$ 2.1	168 jobs
Indirect Impacts	<u>8.1</u>	<u>0.9</u>	<u>111 jobs</u>
<b>TOTAL ECONOMIC VALUE</b>	<b>\$ 19.1</b>	<b>\$ 190.62</b>	<b>279 jobs</b>

1. Includes all track and off-track betting establishment expenditures including purses, transfers to stipend, Sire Stakes and other funds, but not transfers to the State General Fund (*see below*)
2. Payroll is included in Direct Expenditures
3. Full-time equivalent employment

#### **STATE GOVERNMENT TAX REVENUES: 1995**

(based on Total Economic Value of the Industry, above)

Pari-mutuel Tax	\$ 626,000
Racing License Fees	53,900
Personal Income Tax <sup>1</sup>	117,000
Sales Tax <sup>2</sup>	<u>72,000</u>
<b>TOTAL REVENUES</b>	<b>\$ 868,900</b>

1. At average effective rate of 3.9% of payroll (from Maine Bureau of Taxation)
2. Per National Income and Product Accounts and Maine tax laws, 0.39% of payroll is spent for taxable goods at an average effective rate of 6.09% (from Maine Bureau of Taxation), yielding tax revenues of 2.4% of payroll.

### ***GAMBLING BY NON-PROFITS: BEANO, GAMES OF CHANCE AND AGRICULTURAL FAIR HARNESS RACING***

The data presented on Beano and Games of Chance was extrapolated from 80,000 records and represents an estimate (with random sampling used) to provide the figures presented (prizes and expenses). Neither time nor human resources allowed a detailed examination of all 80,000 records. The financial data for Beano and Games of Chance is submitted to the Department of Public Safety

on monthly dispositional fund reports and is personally checked by adding machine for accuracy. (That check is necessary to eliminate errors in the data being reported to the Department.) After processing, the information is available on a personal computer (not connected to the mainframe system). The system containing licensing data is being automated and is partially complete. (It was started in 1995.)

Generally speaking, the organizations licensed for Beano and Games of Chance fall into three categories: (1) non-profit charities that have an IRS designation (e.g. the Catholic church). These organizations donate most or all of their revenue to charity; (2) Non-profit groups without an IRS designation that donate some of the revenues to charitable organizations and (3) non-profit organizations without IRS designation that use the majority, if not all, of the revenues for their own organization's benefit with only a small amount going to charitable causes. All three types of organizations are operating within the scope of the law.

Net Profit is what the organization actually made from the game. Gross Profit represents:

$$GP = \text{the Net Profit} + \text{Prizes} + \text{Expenses.}$$

These figures represent organizations at all ends of the spectrum in regard to their gambling activity and revenues. Some clubs operate 2 games a year. Some clubs take in more than \$1 million a year while at least one club only took in \$211 net revenue in FY 1996. Prizes and expenses are affected by the amount of gambling activity.

74.2% of the low stakes Beano handle is returned to the players in prizes (\$ 6.9 million). High stakes Beano is about 3 times as large as any other Beano operation (low stakes). The prizes are higher, but the percentage of revenue returned to the player is only 18.5% (about 1/2 million dollars). High stakes Beano is limited to 27 weeks a year. There is no similar limitation on low stakes Beano.

Maine State Police records indicate the following data regarding the amount of revenue generated by Beano and Games of Chance

### BEANO (low stakes)

		Amount	% of gross	% of expense
Gross		\$ 34,166,855		
Prizes		\$ 25,353,374	74.2%	
Expenses		\$ 1,908,318	5.6%	
Licenses	\$ 75,941		0.2%	4.0%
Other	\$ 1,832,377		5.4%	96.0%
NET		\$ 6,905,163	20.2%	

### BEANO (high stakes)

		Amount	% of gross	% of expense
Gross		\$ 2,315,172		
Prizes		\$ 438,679	18.5%	
Expenses		\$ 451,525	19.0%	
Licenses	\$ 50,000		2.1%	12.5%
Other	\$ 401,525		16.9%	88.9%
NET		\$ 1,484,968	62.5%	

## GAMES OF CHANCE

	Amount	% of gross	% of expense
Gross	\$ 43,057,554		
Prizes	\$ 31,171,237	72.4%	
Expenses	\$ 2,346,222	5.4%	
Licenses	\$ 432,220	1.0%	18.4%
Other	\$ 1,914,002	4.4%	81.6%
NET	\$ 9,540,095	22.2%	

Low Stakes Beano is licensed for \$7.50 a week or \$22.50 a month and allows the licensee any number of games during this period. The fee is the same regardless of the number of games or sessions conducted by the licensee. The fees are not related to the revenue.

About 4,000 games of chance are licensed each year. Licensing fees are \$9.00 a week per game. Of the \$43 million wagered in FY 1996, 72.4% was returned in prizes (\$ 31+ million). Net profit amounted to \$9.5 million. These figures were estimated by random sampling of the data. Please note that at least 25% of the Games of Chance gambling activity is for video gambling machines which show no prizes.

Maine State Police records indicate the following data regarding the amount of state revenue and regulatory expenses generated by Beano and Games of Chance for FY 1996.

### STATE REVENUE

	<u>Amount</u>	<u>(% of total)</u>
Beano Licenses	\$ 75,941	(12.2%)
High Stakes Licenses	\$ 50,000	(8.0%)
Games Licenses	\$ 432,22	(69.2%)
Other Licenses	\$ 78,056	
Miscellaneous	\$ 518	
Administrative Fee	<u>(\$ 12,440)</u>	
TOTAL	\$ 624,295	

### STATE EXPENDITURES

	<u>Amount</u>	<u>% of total</u>
Beano & Games	\$ 321,479	60.0%
Other	<u>\$ 214,320</u>	
TOTAL	\$ 535,799	

Revenue - expenses = \$ 88,496 balance

The bulk of Maine gambling revenue of non-profits is supported by Maine consumers. This revenue does create jobs and tax revenues, yet this consumer spending would simply go to other businesses, still creating jobs and tax revenues, if there were no nonprofit gambling operations. Since different business types have different multipliers, there could be a somewhat greater or lesser impact with a given sum of money flowing through the nonprofits as opposed to contributing to an incremental increase in consumer spending of the normal pattern. In general, existing data on gambling operations' expenditure patterns is not sufficiently detailed to capture this difference, but the difference is expected to be quite small. That is, we expect it makes little difference in economic terms whether consumers are spending a given sum for nonprofit gambling or for other Maine goods and services.

The exception to this assumption involves high-stakes Beano and harness racing which attract out-of-state players who add to Maine lodging, restaurant and retail shopping sales as well as gambling revenues, and Maine resident harness racing "heavy-hitters" (passionate racing fans who routinely wager large sums). Without the nonprofit gambling operations then, the Maine economy would suffer a loss of revenues from out-of-state players and other revenues which would travel to other states in the pockets of the heavy-hitters.

The table below summarizes Maine economic activity which would be lost were the nonprofits to cease operations.

#### **LOSSES TO THE MAINE ECONOMY WITHOUT NONPROFIT GAMBLING**

	Personal Income	FTE Employment <sup>1</sup>	State Government Revenues
High Stakes Beano <sup>2</sup>			
Wagering	\$ 521,000	56	\$ 50,000
Tourist-type expenditures	322,000	14	20,000
Harness Racing <sup>3</sup>	<u>180,000</u>	<u>17</u>	<u>87,000</u>
TOTALS	\$ 1,023,000	87	\$ 157,000

1. FTE means full-time employment.
2. The impacts associated with high-stakes Beano are entirely attributable to non-resident players.
3. Nonprofits only (agricultural fairs). Assumes nonprofits, which account for about 6% of gross wages of the nearness racing industry, also account for 6% of the total economic impact of the industry.

#### **OPPORTUNITY COST OF GAMBLING IN MAINE**

The existing data is insufficient to analyze the opportunity cost of gambling in Maine. To calculate opportunity cost for the Maine economy as a whole (i.e. would other spending have greater multiplier effects than gambling spending?) we would need much more data on how the sponsoring organizations spend their gambling revenues. For most individuals, the opportunity cost is zero as the money spent is only a small portion of their discretionary income and it would likely be spent on other entertainments if there were no legal gambling. For some individuals, their gambling expenditures have a significant negative "opportunity cost" as they cannot easily absorb their losses and often create serious financial problems for themselves and their families. Gambling expenditures do not, of course, represent the only reason for people's financial difficulties.

### ***EXPANSION OR PROHIBITION OF GAMBLING IN MAINE***

The economic effect of expanding or prohibiting the current types of gambling in Maine would depend on the type of gambling and the degree of expansion. An expansion of Beano or Games of Chance gambling would likely have little or no effect on the Maine economy, as it is suspected that the decline in consumer expenditures (because they're spending more on gambling and less on typical consumer goods and services) would be approximately equaled by the multiplier effects of increased spending of the non-profits out of their increased revenues. A ten percent increase in the gross revenues of high stakes Beano would likely increase tourist-type expenditures by out-of-state players, but the effect would be minuscule, amounting only to one or two new jobs. The following table estimates the economic effect of a small increase in lottery and harness racing gambling; larger increases (or decreases) would be approximately linear.

#### **EFFECTS OF A 10% INCREASE IN SALES OR HANDLE**

	<b>Additional Jobs</b>	<b>Additional Payroll</b>	<b>Additional State Revenues</b>
Lottery	40	\$ 500,000	\$ 3,800,000 <sup>1</sup>
Harness Racing <sup>2</sup>	<u>11</u>	<u>90,000</u>	<u>25,000</u> <sup>3</sup>
TOTAL	51	\$ 590,000	\$ 3,825,000

1. \$ 3.77 Million transfer to General Fund and \$ 38,000 sales and income tax revenues from additional payroll.
2. Includes Off-Track Betting Operations.
3. Pari-mutuel Tax revenues increases of about \$ 20,000 from out-of-state bettors plus \$ 5,000 sales and income tax revenues from additional payroll.

## VI. THE SOCIAL AND CULTURAL IMPACT OF GAMBLING

### A. GENERAL COMMENTS

Although it is difficult to find extensive information on the economic impact of gambling, it is even more difficult to find information on the social and cultural aspects of gambling, especially in Maine. There are very few studies that have been conducted on the social and cultural aspects of gambling and even fewer that have been conducted by truly independent organizations, not closely affiliated with pro- or anti-gambling philosophies. International Gaming and Wagering Business, a gambling industry periodical, described problem gaming and underage gaming as "the costs of this enterprise [gambling]" (October 1996, pp. 64-65). In an article on "Gaming's Ball and Chain" (p.1) the periodical stated, "Problem gaming has been the subject of little serious study."

This Committee reviewed written materials on the social and cultural impact of gambling and received a presentation on gambling from a biblical perspective and from the perspective of a social scientist representing Focus on the Family, a Christian organization that has a research department on public policy issues. This Committee was open to consideration of other viewpoints and perspectives.

### B. GAMBLING AND MORALITY

#### GENERAL DISCUSSION

Ethics are the principles or standards of human conduct that is adopted by a people, a group of people or a society, sometimes called morals (from the Latin word "mores", meaning customs.) By extension, the study of such principles is sometimes called moral philosophy. In its discussion of ethics, one encyclopedic authority<sup>15</sup> has noted the following:

*"Ethics, as a branch of philosophy, is considered a normative science, because it is concerned with norms of human conduct, as distinguished from the formal sciences, such as mathematics and logic, and the empirical sciences, such as chemistry and physics. The empirical social sciences, however, including psychology, impinge to some extent on the concerns of ethics in that they study social behavior. For example, the social sciences frequently attempt to determine the relation of particular ethical principles to social behavior and to investigate the cultural conditions that contribute to the formation of such principles."*

*Philosophers have attempted to determine goodness in conduct according to two chief principles and have considered certain types of conduct either good in themselves or good because they conform to a particular moral standard. The former implies a final value, or summum bonum, which is desirable in itself and not merely as a means to an end. In the history of ethics there are three principal standards of conduct, each of which has been proposed as the highest good: happiness or pleasure; duty, virtue, or obligation; and perfection, the fullest harmonious development of human potential.*

*Depending on the social setting, the authority invoked for good conduct is the will of God, the pattern of nature, or the rule of reason. When the will of God is the authority, obedience to the divine commandments in scriptural texts is the accepted standard of conduct. If the pattern of*

---

<sup>15</sup> Selections from "Ethics", Microsoft (R) Encarta. Copyright (c) 1993 Microsoft Corporation. Copyright (c) 1993 Funk & Wagnall's Corporation

*nature is the authority, conformity to the qualities attributed to human nature is the standard. When reason rules, behavior is expected to result from rational thought.*

A brief history of the development of societal mores, from the same source, includes the following.

- ✓ *For as long as people have been living together in groups, the moral regulation of behavior has been necessary to the group's well-being. Although the morals were formalized and made arbitrary standards of conduct, they developed, sometimes irrationally, after religious taboos were violated, or out of chance behavior that became habit and then custom, or from laws imposed by chiefs to prevent disharmony in their tribes.*
- ✓ *At the time of the great Greek philosophers, beginning about the 6th century BC, moral behavior became the subject of theoretical speculation, which led to the concepts of philosophical ethics.*
- ✓ *The coming of Christianity marked a revolution in ethics, for it introduced a religious conception of good into Western thought. In the Christian view a person is totally dependent upon God and cannot achieve goodness by means of will or intelligence but only with the help of God's grace. ... During the late Middle Ages Aristotle's works, made available through texts and commentaries prepared by Arab scholars, exerted a strong influence on European thinking. Because it emphasized empirical knowledge as opposed to revelation, Aristotelianism threatened the intellectual authority of the church. The Christian theologian Thomas Aquinas succeeded in reconciling Aristotelianism with the authority of the church by acknowledging the truth of sense experience but holding it to be complementary to the truth of faith. As the medieval church grew more powerful, a juridical system of ethics evolved, apportioning punishment for sin and reward for virtue in life after death. The most important virtues were humility, continence, benevolence, and obedience. 'Inwardness,' or goodness of spirit, was indispensable to morality.*
- ✓ *The influence of Christian ethical beliefs and practices diminished during the Renaissance. The Protestant Reformation effected a widespread return to basic principles within the Christian tradition, changing the emphasis on certain ideas and introducing new ones. According to Martin Luther, goodness of spirit is the essence of Christian piety. Moral conduct, or good works, is required of the Christian, but justification, or salvation, comes by faith alone.*
- ✓ *In general, during the Reformation, individual responsibility was considered more important than obedience to authority or tradition.*
- ✓ *[Greatly influenced by the findings of Charles Darwin] anthropologists applied evolutionary principles to the study of human societies and cultures. These studies reemphasized the different concepts of right and wrong held by different societies; therefore, it was believed, most such concepts had a relative rather than universal validity.*
- ✓ *Modern ethics is profoundly affected by the psychoanalysis of Sigmund Freud and his followers and the behaviorist doctrines based on the conditioned-reflex discoveries of the Russian physiologist Ivan Pavlov. ... The American philosopher and psychologist William James may be said to have anticipated Freud and Pavlov to some extent. James is best known as the founder of pragmatism, which maintains that the value of ideas is determined by their consequences. His greatest contribution to ethical theory, however, lies in his insistence on the importance of interrelationships, in ideas as in other phenomena.*

- ✓ *The British philosopher Bertrand Russell has influenced ethical thinking in recent decades. A vigorous critic of conventional morality, he held the view that moral judgments express individual desires or accepted habits. In his thinking, both the ascetic saint and the detached sage are poor human models because they are incomplete human beings. Complete human beings participate fully in the life of society and express all of their nature. Some impulses must be checked in the interests of society and others in the interest of individual development, but it is a person's relatively unimpeded natural growth and self-realization that makes for the good life and harmonious society.*
- ✓ *Several other modern philosophers, such as the American John Dewey, have been concerned with ethical thought from the viewpoint of instrumentalism. According to Dewey, the good is that which is chosen after reflecting upon both the means and the probable consequences of realizing the good."*

This very selected and limited discussion of morality can serve as an introduction to the complexity of the subject.

Historically, religion has played a significant role in establishing a society's morals. Michael Heath invited Reverend Bob Fredericks, a recently retired pastor of a large evangelical church in Portland, to speak to this Committee about the Biblical basis for opposition to gambling (from a Christian perspective). This Committee would welcome any other religious or non-religious perspective on the morality of gambling.

### ***A BIBLICAL PERSPECTIVE***

Reverend Fredericks prefaced his remarks by noting that the biblical references to dice or casting lots was a way of making decisions — a sacred procedure to determine the will of God. It was not used to rely on chance, but was practiced as an action under God's knowledge and control. Casting of lots was used to create an equitable distribution of property, not to violate justice.

He spoke of 4 specific reasons for the Biblical foundation for opposition to gambling:

- ✓ *The Judeo-Christian view of the world is that it is part of a divinely created universe and that humans are placed on the earth to care for it. Sustenance is provided by the partnership between the earth's gifts from a benevolent God and our own labor (productivity). The key to life is not chance, but productive labor in partnership with a benevolent God. *Gambling is a destructive force that substitutes chance (for sustenance) instead of the Judeo-Christian world view of orderly labor.**
- ✓ *The Biblical concept of wealth is linked to productivity that contributes to the common welfare and the common good. *Gambling has no productivity value. A gambler seeks wealth for personal greed. Greed is the essential motivation that drives gambling.**
- ✓ *"The bedrock of Western society" is based on the 10th commandment, Thou shall not covet thy neighbor's house, wife, car, etc. (In this sense, covet means to desire and seek to gain at the neighbor's expense.) *Gambling is prefaced on the necessity that someone must lose in order for the gambler to win. Winning at gambling is not based on greater effort and more diligence, but on a chance turn of the wheel. Gambling strikes at the heart of the old testament.**
- ✓ *The cost of gambling weighs most heavily on those least equipped to bear the losses. *Gambling preys on the most gullible.**

## C. PROHIBITION OF GAMBLING

There are many arguments for and against the prohibition of gambling. To note a few:

### *FOR THE PROHIBITION OF GAMBLING*

- ✓ Gambling serves no purpose and should be eliminated until it is proven beneficial to our society.
- ✓ The difficulty in enforcement does not speak to the moral and/or social value of gambling. (Murder is prohibited, yet it still continues. This does not mean that we should allow it in our society merely because it cannot be enforced to extinction.)
- ✓ Gambling is an immoral activity.
- ✓ Gambling serves no net economic gain to the community or to our society.
- ✓ The more gambling that is available, the more people will gamble.
- ✓ The state-sponsored or regulated gambling makes it an acceptable activity for our society rather than a matter of individual choice.
- ✓ Expansion of gambling by making currently illegal gambling legal, even if regulated, has not been proven to shift more revenues to the state.
- ✓ Allowing or increasing gambling increases social problems such as juvenile delinquency, adult crime rate, family difficulties, etc.

### *AGAINST THE PROHIBITION OF GAMBLING*

- ✓ Gambling, at the least, serves an entertainment value.
- ✓ If people are going to gamble and want to gamble, why shouldn't the legislature allow it?
- ✓ Prohibition does not work. Our experience with prohibition of liquor was unsuccessful. The sale of alcoholic beverages continued despite prohibition enforcement measures. The effect of prohibition was to ensure that the profits and potential state revenue fell into the wrong hands.
- ✓ The cost of enforcement of eliminating all gambling would be astronomical.
- ✓ Gambling has been a human activity since the beginning of time. It is not the legislature's job to determine if gambling is right or wrong for people.
- ✓ We can not prevent people from gambling. The task of governments is to regulate, control, and limit it in an appropriate way.
- ✓ Illegal gambling cannot be prevented effectively; but, if legalized, it can be regulated and controlled. Money made by the operators of illegal gambling goes out-of-state. If the state shared in some of the proceeds, more money would be available to the state. It would be an economic benefit to state. Since we can't eliminate all of illegal gambling, we should shift more of this activity from illegal gambling to legal gambling.
- ✓ Structuring gambling as a business activity that is strictly regulated is a more positive way to react to any problems gambling creates for society instead of prohibition (which does not work.)

## D. PROBLEM GAMBLING

Gambling has been identified as addictive behavior for a segment of the population. A recent Massachusetts study of gaming regulation<sup>16</sup> has defined "Problem Gambling" as "a phenomena whereby individuals become 'dependent' upon the act of gambling in much the same way that individuals become dependent upon alcohol or nicotine. The 'action' of gambling becomes more important than the outcome of the event upon which the wager is made." The Massachusetts study determined that "the problem gambler will gamble whether it is legal or not" (page 28). Few studies have been done regarding problem gambling and none have been undertaken in Maine. This Committee reviewed the Massachusetts Committee's study and other related information.

Although the figures vary, based on the study or data source that is reviewed, current estimates are that between 2 and 3% of the gambling population are problem gamblers.

## E. OTHER SOCIAL AND CULTURAL IMPACT ISSUES

Social and cultural impact issues surrounding gambling activity are easy to speculate about, but difficult to find hard data on. This Committee believes that, generally speaking, the accuracy of surveys and other data collected on the social and cultural impact of gambling is dependent upon a number of factors unavailable to this Committee, e.g. the types of questions asked, the order of any questions asked, the population that was surveyed, data collections methodology, how non-gambling issues affected the responses of those surveyed, any bias of the survey-takers, etc.

Accordingly, it was difficult to sift through the myriad of information available to the Committee and ascertain which surveys and which data were more accurate. In addition, this Committee had neither the resources nor the time to conduct their own surveys regarding the social and cultural impact of gambling in Maine. The Findings and Recommendations will speak to the issue of additional information necessary to provide Maine specific data on which to base policy decisions. (*See Continuing Oversight in Part VII*).

It is apparent to all parties involved in gambling issues that gambling does have a social and cultural impact on society. The nature and extent of that impact are not subjects about which all parties can agree. The following issues have been identified as areas that need more research and data collected in Maine to aid policy-makers in determining the social impact of gambling in Maine.

This Committee did review available literature on the social impact of gambling. In addition, this Committee heard testimony from Ron Reno, a social scientist from Focus on the Family, a Christian organization that has a research department on public policy issues. Focus on the Family was co-founded by James Dobson, recently appointed to the National Gambling Impact Study Commission. Mr. Reno spoke about the social impact of gambling from a national perspective. He testified before this Committee on gambling's impact on crime, the family, the community, the poor, and the addiction of gambling (especially video gambling). In his testimony he indicated that:

- ✓ Gambling destroys the stability of the family (through increased abuse of children, divorces, etc.).
- ✓ If national statistics are applied to the Maine population, it would indicate that 50,000 adults in Maine would "develop serious gambling problems when gambling becomes widely available." The more you legalize gambling, the more you draw compulsive gamblers to destructive behavior. Many compulsive gamblers "will eventually turn to

---

<sup>16</sup> *Toward Gaming Regulation: Part II Problem Gambling and Regulatory Matters*, Massachusetts Senate Committee on Post Audit and Oversight, March 1994, quoted at page 15.

crime to finance their addiction, feeling that they'll pay back their criminally-acquired gambling stake when they 'hit it big'."

- ✓ "One in six teens is already experiencing gambling-related problems."
- ✓ Anytime you legalize or further expand gambling you make it more available to the youth.
- ✓ "Crime rates in gambling communities are significantly higher than the national average."
- ✓ A Maryland study by their Attorney Generals' Office tied gambling to organized crime.
- ✓ Gambling transfers jobs but does not create jobs. (Mr. Reno testified in regard to a study showing that Atlantic City's unemployment is still double the national average.) The introduction/expansion of gambling "cannibalizes other businesses."
- ✓ Gambling does not bring any additional business growth to a community/state. (An Iowa survey cited indicating 29% of business owners reported a decrease in business and 12% reported an increase since advent of a riverboat casino in their community.)
- ✓ The Las Vegas solution of bringing in the money and exporting the problems to other states is not available to other states.

Mr. Reno concluded that the American people were uninformed on gambling issues. The source of the data supporting Mr. Reno's conclusions were not uniformly agreed upon by members of the Committee.

Maine's social and economic impact from gambling activity is not well-documented:

#### Gambling and crime

Much of the information provided to this committee indicated an increase in the crime rate when gambling activity in a community is increased. Maine does not have any statistics on the relationship between increased criminal activity and gambling; however, with any new enterprise, there is an increased opportunity for legal and illegal activities to take place. The link between organized crime and gambling activity has been heavily debated for decades.

#### Gambling's impact on the family and the community

Gambling has been cited as a factor in increasing the risk to family stability, including an increase in divorce rates, family violence, delinquency problems with juveniles, etc. (as testified to by Ron Reno before this committee). The existence of "problem gamblers", which is an accepted phenomena, does indicate some problem with gambling and family interactions. The extent of the problem is not known in Maine.

#### Gambling's impact on the poor

Gambling's impact on the segment of the population that falls at or near the poverty level is not clear. *Time* magazine recently noted that gambling was a significant factor in increased bankruptcies. A recently conducted lottery study in Maine, however, could find no evidence that poor people played the lottery with any greater frequency than those more financially secure. The nature and extent of the impact of various forms of gambling activity in Maine on the poor is not currently known.

#### Gambling's entertainment value

The participation in legal gambling activities by the people of Maine indicates its continued use as a means of entertainment for the citizens of this state.

## **VII. FINDINGS AND RECOMMENDATIONS**

After diligent research and deliberations, the Committee makes findings and recommendations as follows:

### **A. GENERAL COMMENT**

#### ***FINDINGS:***

Maine Gambling activities, as limited as they are legally, still create controversy and a wide divergence of opinion about their appropriateness and their regulation. In addition, this Committee notes that Maine gaming activities do not operate in a vacuum. They are interwoven in a positive and/or negative way with much of Maine society. Maine would benefit from a unified, overall view of its gambling activities and not a disparate, piecemeal approach of looking at each activity in a vacuum.

This Committee also notes that Maine gambling activity affects neighboring states and the gambling activity of neighboring states affects Maine gambling activity. Communities near the border may feel the effect of other states gambling activities more than those communities that lie away from the neighboring state's influence.

#### ***RECOMMENDATIONS***

This Committee recommends that gaming policy, regulation and administration be analyzed and reviewed by policy-makers in Maine on a unified, consistent basis, considering the entire scope and breadth of gambling in Maine. In addition, the affects of neighboring gambling activity needs to be considered in establishing gaming policy and regulations.

### **B. STATE GAMBLING POLICY & REGULATION OF GAMBLING**

State gambling policy is set by the Legislature and the Governor. Regulation, enforcement and other day-to-day operations are the responsibility of various agencies within the Executive Department. In Maine, four governmental agencies are responsible for gambling activity regulation: The Lottery is under the auspices of the Bureau of Alcoholic Beverages and Lottery Operations, Harness Racing is within the purview of the Department of Agriculture and the Harness Racing Commission, Beano and Games of Chance are largely the responsibility of the Department of Public Safety. Local law enforcement officials & the State Police are responsible for general enforcement of Maine's gambling laws.

#### **REGULATION OF LOTTERY OPERATIONS**

Lottery regulation is the responsibility of the Bureau of Alcoholic Beverages and Lottery Operations. This Committee has not seen any evidence that suggests any changes are needed in the regulation and enforcement of the Lottery operations in Maine. See Section F for a more detailed discussion.

#### **REGULATION OF HARNESS RACING**

Harness Racing has been subject of an intense study by the Harness Racing Task Force. The Executive Order required this Committee to review the recommendations of the Harness Racing Task Force that pertain to the most effective regulation of off-track betting and simulcasting. A review of those specific recommendations is contained in Section G, below.

## **REGULATION OF BEANO/GAMES OF CHANCE/OTHER ILLEGAL GAMBLING**

Most of the regulation of other forms of legal gambling is done by the State Police. Gambling activity is so specialized that local law enforcement officials and District Attorneys often defer to the State Police for enlightenment as to the nature of the offense and the proof required. This Committee conducted extensive discussions regarding the regulation of Beano, Games of Chance and other forms of gambling activity with State Police enforcement and regulatory personnel.

Two investigators are assigned by the Department of Public Safety to regulate and enforce Beano and Games of Chance. Those positions are also responsible for all other gambling investigations in Maine, firearms regulations, security company regulation, private investigator licensing, etc. Although there is no breakdown of work performed for each licensing category (vehicle mileage, time spent, etc.), it is estimated that about 60% of their work is involved with Beano and Games of Chance. The fees generated by Beano and Games of Chance pay for the two investigators and about 3 clerks to generate licenses. You will note (in Chapter V) the \$88,496 surplus at the end of FY 96 from licensing revenues. This money subsidizes the other activities conducted by the investigators. (E.g. it takes \$75 to process a firearm renewal application, not including any investigation. The Legislature has determined that the licensing unit retain \$5.00 from the renewal fee for their expenses. Firearm renewals do not pay for themselves. The total firearm renewal fee is \$20. Previous attempts to raise the fees were defeated by the Legislature.)

Attempts to create a fee structure that is proportional to the revenues would be difficult. Each site (large or small) must be monitored to accurately determine the revenue at every single game — either by person or by an on-line system. The cost of an on-line system would put 95% of the licensees out of business. A fee schedule that was tied to the revenues was tried with high-stakes Beano and it required an investigator at every single game. It proved to be an administrative nightmare. There is currently no direct link between licensing activity and revenues for this form of gambling.

## ***FINDINGS***

There are as many different opinions on gambling as there are different forms of gambling. Some feel that gambling is a strictly personal activity and the state has no business trying to prohibit or regulate gambling. The last thing that is needed is the state trying to protect a person from him or herself. Others feel that gambling is an inappropriate and immoral activity and should be prohibited by the state. In between these two extremes lie a wide variety of opinions about gambling. The state's role is to provide a society with sufficient rules and regulations to protect the citizens. Prohibiting or regulating gambling, from that perspective, is clearly within the scope of state authority.

It is not within the scope of this Committee to decide what is or is not the proper policy for gambling in Maine — that is for the Legislature and the Governor to decide. The Committee, however, makes the following findings in regard to Maine's gambling activities:

- Many citizens in Maine are neither philosophically or personally comfortable with overbearing regulatory activities in regard to gambling activities, but that they do want: (1) help to make sure that they don't violate the law or the rules, and (2) someone to keep out competition from illegal gambling activities.
- Gambling violations can range from saving seats in a Beano Hall to violations involving serious unlawful activity and tens of thousands of dollars in theft.

- Common complaints heard by enforcement agents regarding gambling are that
  - ✓ The game is not being operated properly.
  - ✓ The funds are being expended illegally.
  - ✓ There is no time (insufficient resources) to go all over the state to investigate
  - ✓ Simply... "I lost money at this game and my complaint is... ."

These complaints may or may not have merit, depending upon the circumstances.

- Audits and investigations in regard to license applications for gambling activities are minimal. Current resources do not allow extensive investigations for licensee applicants. The application must appear circumspect on its face to warrant any further resources to investigate.

Several issues that currently exist in the regulation of Beano and Games of Chance were identified:

- Licensees appear to want better monitoring rather than having someone react to a situation already out of hand. Monitoring gambling activity within current resources is the most vulnerable part of regulation/enforcement. To monitor all the Beano and Games of Chance sites in Maine would require more people and more resources than is currently available. An on-line monitoring system appears to be cost prohibitive because of the wide variety of Beano and Games of Chance structures in Maine. For large on-going operations such a system may be feasible, but it would not be possible in instances where very few games are licensed by an organization. The cost of the on-line monitoring system would far exceed any gross or net revenues obtained because of the small nature of most operations.
- The statutes are apparently written too restrictively to allow any enforcement action to be taken administratively. This puts the State Police in the position of working out the problems/violations informally or bringing criminal charges. A less drastic method than criminal action and a more serious action than informal discussions could allow more effective enforcement.
- Monitoring the distribution of funds to a greater extent would provide more information and more accurate information about the use of the funds derived from gambling activities.
- Law enforcement needs should be identified and addressed in regard to enforcement of gambling.
- Maine does not have a wiretap law. Wiretap legislation has not been acceptable in Maine, but Rhode Island, Massachusetts, and New Hampshire all allow wiretapping. Maine has assisted investigations of interstate gambling activities. The use of wiretap information in those states has generated more success in enforcement. In Maine; however, historically wiretapping has been considered too offensive to warrant its use.
- This Committee could not find any surveys or other data concerning difficulties or issues with gambling across our international border. Numerous discussions with regulatory agencies and private companies involved with gambling also revealed no significant international gambling difficulties. It was suggested to this Committee that it may be easier to move activities and equipment between states than across an international border, thus the lack of significant international gambling issues.

## **RECOMMENDATIONS**

In looking at a regulatory scheme for gambling activities it is suggested that the state look at what it needs for effective regulation and then ascertain the cost of that regulation as opposed to looking at how much regulation we could get from the current cost. The starting point for effective regulation and enforcement of gambling focused on three recommendations:

1. Increasing the capability for criminal investigations of gaming activities;
2. Increasing the ability to monitor gaming activities; and
3. Enhancing the administrative remedies that are available.

There are several tools available for enforcement actions. They include informal action, licensing & other civil action and criminal action. We currently have no licensing action available in Maine for gambling violations short of criminal sanctions. Administrative remedies could solve 90% of the enforcement action necessary before getting to the criminal arena.

### **1. Administrative Procedures**

Administratively, the following recommendations are made to strengthen the regulation of Beano and Games of Chance:

- ✓ Provide the State Police the ability to investigate all aspects of State Law concerning Beano and Games of Chance, including direct or indirect ownership or control of any license. (*Amend Title 17 MRSA § 317-A and enact 17 MRSA §343-A.*)
- ✓ Provide the State Police the ability to suspend or revoke any Beano or Games of Chance license (*Amend Title 17 MRSA § 317-A and enact 17 MRSA §343-A.*) ...
  - a) . . . immediately, if the Department has probably cause to believe that the licensee, the licensee's agents or employees are in violation of the law and the violation alleged is a criminal offense. The licensee may request a hearing before the Commissioner of Public Safety or designee. The hearing, which must be in compliance with the Administrative Procedures Act, must be requested within 48 hours of receiving notice of suspension or revocation of license. The hearing would be held no more than 10 days after the licensee requests the hearing.
  - b) . . . after notice of intent to suspend or revoke the license, if the Department has cause to believe that the licensee, the licensee's agents or employees are in violation of the law. The notice would specify the intended date and duration of the suspension or revocation. The effective date of the suspension or revocation must be no less than 96 hours after notice is given. The licensee may request a hearing before the Commissioner of Public Safety or designee. The hearing, which must be in compliance with the Administrative Procedures Act, must be requested within 96 hours of receiving notice of suspension or revocation of license. The hearing would be held no more than 10 days after the licensee requests the hearing. Suspension or revocation would be stayed pending the hearing.

### **2. Staffing**

Increase staffing by 4 positions: 1 detective, 2 Public Safety inspectors and 1 Clerk Typist II. The cost for FY 1998 would be \$279,000 and FY 1999 would be \$206,000.

### **3. The Cost of Fully Regulating Beano/Games of Chance**

The administrative cost of regulating all gambling should be borne by those who are regulated. Current regulation of gambling in Maine should be funded so it pays for itself. When considering regulation and enforcement efforts for Beano and Games of Chance, there is no direct cost to the General Fund or the budget. At the present time the amount of money available from licensing fees

determines the extent of the regulation and enforcement efforts. Consideration should be given to the degree and type of regulation and enforcement that is appropriate/necessary. Enforcement and Regulatory agencies can determine the cost and personnel needed to accomplish that level of regulation.

#### 4. Licensing

- ✓ Raise weekly license fees for Beano from \$7.50 per week to \$12 per week. Raise monthly license fees for Beano from \$22.50 per month to \$36 per month. The financial impact of this increase on the operators is the equivalent of increasing attendance by 1/4 of a person per game.
- ✓ Raise weekly license fees for Games of Chance from \$9 per week to \$15 per week. Raise monthly license fees for Games of Chance from \$36 per month to \$60 per month.
- ✓ Create an annual Beano license at a cost of \$432. Create an annual Games of Chance license at a cost of \$720. Annual licensing would greatly increase the efficiency of the licensing procedures for both the State Police and the game operators. However, without the ability to suspend or revoke (*see earlier recommendation*) an annual license could only be reviewable at the end of the licensing period. Violations that occurred early in the licensing period could not be effectively addressed until the annual review occurred. Accordingly, the ability to suspend or revoke a license is an essential prerequisite to an annual license.

### **C SINGLE GAMING COMMISSION:**

Some states have chosen to create a single gaming commission to oversee gambling regulation and or policy-making. There are arguments for (pro) and against (con) a single gaming commission. A summary of those arguments follows:

#### PROS:

- A single gaming commission can provide a unified consistent gaming policy for the state.
- Gambling policy and practice can be clearer for the general public if policy and other decisions are from one agency.
- It may be counter productive to have too many separate, individual gaming agencies not working in a unified manner in regard to gambling policies.
- A single gaming commission with individual gaming agencies can provide a second look at gaming policy.
- Some people feel the cost of administration could be reduced by having one gaming commission and staff.
- A single gaming commission provides the large, big-picture of gambling in the state. The State Police's role would be limited to enforcement of the gambling laws.
- This Committee has been the focus of gambling issues state-wide. When this Committee goes away, that function disappears. A single gaming commission could fill that role in the state.

## CONS:

- Maine has been successful in separating policy from regulation and enforcement in Beano and Games of Chance. A separate gaming commission is not needed for Beano and Games of Chance.
- It may be more expensive to have a separate policy making gaming commission. Is it really worth the expense? Would it provide better service to the people of the state?
- Many people feel the current policy and regulatory scheme is doing a good job, so there is no need to change it.
- The Legislature collectively sets the policy in the state.
- The expertise needed to enforce the laws for each form of gambling is different and requires different staff. The State must seriously consider the linkage between various forms of gambling and the benefits.
- Economies of scale may not be realized.. The subject areas are too diverse, not-related. The combination of liquor and lottery worked all right, but to add Beano, means adding staff.
- A single gaming commission usually is considered when there is casino gambling. Maine does not have casino gambling.

## ADVISORY BODY:

- An advisory committee to the Governor/Legislature would provide a buffer for legislators and provide policy implications of and recommendations for amendments to Maine's gambling laws and/or policies. (The Criminal Code Revision Commission is one example of this. They met periodically to provide long -term consistency in amending Maine's Criminal Code.)
- There is some concern, however, that an advisory committee not become just another layer of bureaucracy and expense?

## ***FINDINGS***

This Committee makes the following findings in regard to a single gaming commission which would regulate gambling, set overall gambling policy or serve as an advisory body to set overall gambling policy. No single agency or organization looks at gaming as a whole in Maine. There is a danger in looking at gambling policy on a piecemeal basis as individual gambling issues or proposals arise.

## ***RECOMMENDATIONS***

We do not recommend a single gaming commission for Maine at this time. If gambling is to be expanded in Maine (especially an expansion of for-profit gambling), the Legislature should revisit the issue of a single gaming commission. (*However, see Section D regarding continuing oversight.*)

## **D. CONTINUED OVERSIGHT**

No one looks at the overall status of gambling in Maine. Other than on an ad hoc basis by the Legislature (focused on issues presented by bills), gambling as a whole is not looked at in Maine.

## ***FINDINGS***

The Advisory Committee on Gambling has found that Maine, as well as the rest of the nation, is in a period of growth in regard to gambling activity. From 1982 to 1996, legal wagering nationwide has increased from \$110 billion to \$482 billion and national lottery sales have increased from under \$4 billion to \$28.53 billion.

I. Nelson Rose, a law professor in California who writes extensively on gambling issues, stated in a December 1995 article, "The gambling business is like no other: It is illegal until state lawmakers decide to make it legal." Clearly, the burden regarding the expansion and regulation of gambling for the states is on state lawmakers. Testimony before this Committee in regard to gambling in Maine raised by the legislative activity in the last legislative session indicated a need on the part of legislators for more information about gambling. Representative Harry True represented the Legislature at a newly formed organization, The National Council of Legislators from Gaming States, which provided informative non-biased information regarding gambling activities in the United States as well as internationally.

### ***RECOMMENDATION: 1. NCLG MEMBERSHIP:***

Maine should join the National Council of Legislators from Gaming States. The National Council of Legislators from Gaming States was formed under the auspices of the National Conference of State Legislators. Although it is no longer affiliated with them, it takes no funding from the gambling industry, relying on membership dues for its revenues. This Committee feels that because of the recent growth and the increased interest in gambling activities, the Legislature has a real need to keep informed regarding issues involving gambling activities.

This Committee recommends that the Legislative Council join the National Council of Legislators from Gaming States and send at least one legislator from the Committee having jurisdiction over gambling issues to those meetings on a regular basis in order to keep the Maine Legislature informed about the latest trends and activities in the gambling industry.

### ***RECOMMENDATION: 2. CONTINUING OVERSIGHT***

We recommend that those responsible for gambling policy and regulation (the Harness Racing Commissioner, a State Police representative, the Chair of Lottery Commission, and legislative representative from the committee having jurisdiction over gambling in Maine) meet, at least annually, and review overall gambling policy and regulation in Maine. This group should also have assistance available the State Planning Office, as necessary. At a minimum, the following should be discussed:

- Maine's overall gambling policy;
- The economic impact of gambling in Maine;
- The social/cultural impact of gambling in Maine;
- The regional impact of gambling;
- Other gambling issues for Maine, as necessary; and,
- The group should receive information, evaluate, keep in touch with national gambling issues and trends, and review recommendations from the National Gaming Commission Study.

On or before January 15 of each odd-numbered year this group should report on the current status of gambling in Maine to the Governor and Legislative Joint Standing Committee having jurisdiction over gambling in Maine. The report should include trends and developments in gambling, the economic and social impact of gambling in Maine, the current regulatory structure, and the relationship between agency fee structure and cost of regulation. Recommendations, if any, should include: appropriate enforcement and regulation of gambling (including any changes in the fee structure.)

## **E. DATA COLLECTIONS**

### ***FINDINGS***

Newly developed licensing and reporting forms for Beano and Games of Chance have been designed to provide better management of Beano and Games of Chance, to develop a process to ensure the data is accurate, and to ensure that the data would provide meaningful information for Legislative and regulatory decision-making. The new forms also provide more information to allow the State Police to audit the operation of these games and to spot irregularities. The new data collection/forms system is on the verge of being implemented (possibly by July of 1997.) Some hardware purchases need to be made and there may be a need for some software development. The new forms, which have been field tested, create less paperwork and are clearer. The quality of the sample returns appeared to provide much better and more accurate information in the field tests.

The Committee found that there is still a need for more economic and social impact information on gambling in Maine.

### ***RECOMMENDATION***

Maine needs continued and focused data collection. It is this Committee's recommendation that the group responsible for continued oversight of gambling issues in Maine (*see recommendations in Section D, above*) develop data collection needs designed to respond to continuing trends in gambling and provide that necessary information to the policy-makers in Maine.

## **F. LOTTERY**

This Committee reviewed the 1994 Pan Atlantic lottery study and held discussions regarding the Lottery operations with the Commission of the Bureau of Alcoholic Beverages and Lottery Operations regarding the function, operation and oversight of lottery operations in Maine.

### ***FINDINGS***

The current structure regulating the Lottery has been in place for some time. This Committee finds that the regulatory scheme is adequate with sufficient Legislative and Advisory Body oversight.

### ***RECOMMENDATIONS***

The Commission has no recommendations at the present time regarding the Lottery.

## G. HARNESS RACING TASK FORCE

The final report of the Harness Racing Task Force made recommendations which included structural changes to the regulatory agency, the promotion of Harness Racing, the distribution of Harness Racing revenues, alternative revenue sources, off-track betting regulation and simulcasting. The recommendations that pertain to the most effective regulation of off-track betting and simulcasting are listed below. Many of these recommendations relate to methods of increasing the handle or amount of money that is wagered at racetracks and at off-track betting facilities.

- ✓ **HARNESS RACING TASK FORCE RECOMMENDATION #A1: *The role of the Harness Racing Commission should be clarified by making the Commission a strictly regulatory body and placing all policy making responsibilities with the Department of Agriculture.*** The regulation and enforcement of off-track betting and simulcasting activities would be a function of the Harness Racing Commission. Specifically, the commission would adopt rules to regulate those gambling activities, license gambling facilities for off-track betting and simulcasting, enforce violations and hear appeals of violations of the law and the rules. Policy setting would be the function of the Department of Agriculture. Review of and recommendations concerning gambling policy would be the responsibility of the Department.
- ✓ **HARNESS RACING TASK FORCE RECOMMENDATION #B5 (Divided): *The statutes should be amended to permit the Commission to place conditions on licenses for both race tracks and off-track betting facilities.*** Although a divided report, the majority of the Harness Racing Task Force felt that "the authority to place conditions on licenses is an important tool for ensuring that the Commission has the flexibility to devise licensing options that ... protect the wagering public." Conditional licenses will allow the Commission to grant a license with certain conditions that must be met by the licensee in order to continue to operate under that license. A minority of the Harness Racing Task Force did not feel this was necessary or appropriate.
- ✓ **HARNESS RACING TASK FORCE RECOMMENDATION #D3: *The statutes should be amended to provide for Administrative Court revocation of an OTB on the same grounds as the statutes provide for revocation of a track license, i.e. "for violation of the Commission's rules or licensing provisions.*** The Harness Racing Task Force has recommended that this authority be granted to improve regulation of the OTB industry by authorizing revocation of licenses for serious violations. Currently this authority is not provided by statute.
- ✓ **HARNESS RACING TASK FORCE RECOMMENDATION #F1 (Divided): *The statutes should be amended to authorize simulcasting of pari-mutuel wagering events other than Harness Racing Task Force.*** This recommendation is made in anticipation of substantial new income being generated to the Harness Racing industry.
- ✓ **HARNESS RACING TASK FORCE RECOMMENDATION #F2 *Telephone betting should be studied as a possible revenue raising option, particularly looking at other states experience with it.*** Telephone betting is considered by some a convenience that will allow persons who have trouble getting to the track because of physical or transportation difficulties (or obligations to other activities) the opportunity to set up accounts at the track and wager by phone. The Harness Racing Task Force indicated that telephone betting "could help to increase the size of betting pools and make wagering on Maine races more attractive to those who want to place a larger amount of money on one bet."

✓ **HARNESS RACING TASK FORCE RECOMMENDATION #F3 (DIVIDED):**

**1a. The statutes should be amended to authorize video gaming at commercial tracks and off-track betting facilities with revenues distributed to the Harness Racing industry.**

**(Majority)** Supporters of the recommendation to authorize video gaming believe that the introduction of video gaming at racetracks and OTB facilities is essential to the survival of commercial Harness Racing in Maine. Citing increased revenues in other states that have introduced video gaming at their tracks, failure to authorize video gaming would have at least a dramatic impact, and some believe a fatal impact, on Harness Racing.

**1b. Gambling alternatives should not be expanded to support the Harness Racing industry. (Minority)** Those who support no expansion of gambling in Maine do not believe that the expansion of gambling is in the best interests of the State of Maine. Social, cultural and economic disadvantages to gambling do not make the expansion of gambling a wise policy choice.

**RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON GAMBLING**

In regard to the recommendations of the Harness Racing Task Force that pertain to the most effective regulation of off-track betting and simulcasting, this Committee feels that:

1. Video gaming at commercial tracks and OTB facilities and the authorization of simulcasting non Harness Racing events at pari-mutuel wagering locations (a divided recommendations by the Harness Racing Task Force) should be looked at for the state as a whole and not in a piecemeal fashion. We need a state-wide perspective on video gambling for all of Maine.
2. The differences in profit and non-profit organizations should be recognized. Those differences should be considered when considering amendments to the Harness Racing Law. (See Section H below.)
3. Enforcement of criminal violations related to harness racing and Off-Track Betting facilities was not addressed in the report. There should be some clear direction on enforcement of racing violations at tracks and OTB's.
4. Telephone wagering may be a potential new way of placing bets for Harness Racing, but it is not particularly suited for other legalized forms of gambling in Maine.

## **H. GAMBLING BY NON-PROFIT ORGANIZATIONS**

Some people feel that gambling by for-profit organizations and gambling by non-profit organizations is different. The money for gambling in non-profit organizations comes from the members and the profits are used for the membership or for charitable purposes, based on the organization's charter. For example, this Committee received testimony regarding one non-profit organization that had returned money lost on gambling to a couple and removed the machine from the organization when one member's losses were excessive to the point of damaging the family finances. The Maine branches of a national non-profit organization, The Benevolent and Protective Order of Elks, contributes almost 1/2 a million dollars to various organizations and programs throughout the state.

Maine has a long history of Beano gambling and it is a part of the social fabric of our community. The acceptability of not-for-profit gambling is a policy issue that the Legislature can deal with. In regards to the current status of gambling by non-profits in Maine, the Committee makes the following findings and recommendations.

## **1. DETERMINING APPROPRIATE LICENSEES**

### **FINDINGS**

Qualifying organizations for Beano licenses include volunteer fire departments, agricultural fair organizations, or non-profit charitable, educational, political, civic, recreational, fraternal, patriotic, religious or veterans' organizations or an auxiliary of these organizations. Qualifying organizations for Games of Chance include volunteer fire departments, agricultural fair organizations, or non-profit charitable, educational, political, civic, recreational, fraternal, patriotic, or religious organizations or auxiliary of these organizations. Within this statutory framework, for-profit operators are running the games legally under the statute on behalf of (or under a contract with) the licensed non-profits. Some people object to outside organizations coming in and taking profits (\$) out of the local community and the state. In addition, some organizations that may not normally be considered as non-profit organizations within the meaning of the statute qualify for non-profit status and Beano and Games of Chance licensing by the language of the statute. An example was given of a Maine individual who established a non-profit organization in order to set up gambling machines. He took a \$200 weekly salary and the remainder of the game profits went to charity. However, he profited much more from operation of the concessions. The community churches are now concerned about how it effects their profits. Some non-profit organizations, however, can benefit from the use of commercial halls for their Beano operations, particularly if they do not have a suitable space.

### **RECOMMENDATIONS**

- a) We recommend that the Legislature review the current law in regard to those organizations that can be licensed to operate Beano and Games of Chance. As defined, those organizations encompass a broad spectrum of organizations. With an awareness of who is currently eligible for a license under the law, the Legislature, as Maine's policy-setting body, can decide who should appropriately be licensed.
- b) This Committee recommends that Beano and Games of Chance licensees be prohibited from renting commercial space in which to operate the licensed games from a member of the licensed organization.

## **2. USE OF PROFITS**

### **FINDINGS**

Under the current laws, only non-profit organizations can be licensed to operate Beano and Games of Chance. In order to play the machines you must be a member or a guest. The profits from the gambling devices at one time had to go to building maintenance. The law was changed to allow it to be used for other purposes. Profits can go to charitable causes associated with that organization, e.g. eyeglasses. Based on the economic information provided to this Committee, the perception of the public regarding the use of the profits and the actual use of the money may be different.

The Committee considered restricting use of proceeds or requiring that a certain percentage of proceeds be contributed to charitable organizations. After much discussion the Committee felt that the citizens of Maine would best be served by making information on the use of the proceeds from Beano and Games of Chance available to them at the licensed game location.

## ***RECOMMENDATIONS***

Maine citizens have expectations that the proceeds of Beano and Games of Chance, operated by non-profit organizations, is being used for charitable purposes. We recommend that information be collected to accurately determine where the proceeds from these gambling activities are being used and that that information be disclosed publicly, where the game is being played (in the halls or near the machines), to show how much money is raised annually by the gambling activity and what amount in dollars and percentages actually went to charitable causes.

## **I. EXPANSION OF GAMBLING IN MAINE**

### ***1. FOR PROFIT GAMBLING***

#### ***FINDINGS***

For profit gambling in Maine includes harness racing and off-track betting.

#### ***RECOMMENDATIONS***

This Committee does not recommend the expansion of for-profit gambling in Maine at this time. If an expansion of for-profit gambling is to be considered, it should be looked at broadly in the context of Maine's entire gambling environment.

### ***2. NOT FOR PROFIT GAMBLING — VIDEO GAMBLING***

#### ***FINDINGS***

Not for profit gambling includes Beano and Games of Chance, including video gambling. Currently in Maine, electronic video machines are only authorized to make pay-offs in the form of credits at non-profit organizations. Legally video gambling machines can only pay credits for replays of the game. All other use of those machines (either in an unlicensed setting or for a cash or other reward in a licensed setting) is unlawful. From information this Committee has received from the enforcement agencies, many establishments that operate licensed video games allow you to earn credits and will exchange them for cash. It is not legal, but it keeps people playing the machines more than the credits. The law is currently not effectively enforced. The State police may confiscate the machine, but upon conviction, the organization is fined \$100 and gets the machine and its contents returned intact. The time and effort to enforce the law regarding cash payments is not an effective deterrent to keep video gaming legal. It is not an effective use of state resources, to try to keep enforcing the law against unlawful video machines when it has so little an effect.

#### ***RECOMMENDATIONS***

1. Video gambling for money is clearly unlawful at the present time. It is also clearly being conducted unlawfully in the state under statutes which make appropriate enforcement meaningless. This Committee recommends that the laws be amended to remedy the current situation regarding the gray machines (video gambling) in the not for profit setting.
2. The legislature should either create meaningful penalties for unlawful operation of video gambling machines and strictly enforce the law or legalize video gambling for money for

non-profit organizations and strictly regulate that activity. Guidelines for either of those options would include:

A. Define video gaming as clearly unlawful. If this option is chosen, the Advisory Committee believes that meaningful penalties should be created for unlawful operation of video gambling machines, including confiscation & forfeiture, and those laws should be strictly enforced.

B. Legalize video gaming. If this option is chosen, the Advisory Committee believes that video gaming should be limited to nonprofit organizations with a strict regulatory system. Regulatory issues include, but are not limited to the following:

1. Confiscation and forfeiture of gray machines.
2. Location of games should be a deliberate determination by the state after considering all types of non-profit organizations.
3. Distribution of games, a significant issue in legalizing gaming devices, should be thoroughly considered by the state, from a regulated private enterprise model or a state regulated model.
4. Minimum age restrictions for play
5. Reporting of charitable and community contributions from the proceeds.
6. Development of a licensing scheme for licensees, distributors, and manufacturers. Development of licensing provisions for the individual games and for the brand of the machine.
7. Meaningful enforcement provisions such as forfeiture of gambling devices and contents, on-line monitoring, and significant penalties for violations should be considered.

If policy makers decide to expand video gambling into for-profit area, the above factors are relevant also.

## **J. PRIVATIZATION**

### ***FINDINGS***

Under current laws, Maine's gambling activity is regulated and enforced by public agencies. In the case of the Lottery, it is also operated by a state agency. This Committee has received no information to date to indicate that the current state involvement in gambling activities is being conducted improperly.

### ***RECOMMENDATIONS***

If privatization of gambling is to be considered, this Committee feels it is a policy consideration that should be debated by the Legislature.

## **APPENDIX A: Executive Order**



OFFICE OF  
THE GOVERNOR

NO. 8 FY 95/96  
DATE April 3, 1996

**AN ORDER TO ESTABLISH THE  
ADVISORY COMMITTEE ON GAMBLING**

WHEREAS, the Joint Standing Committee on Legal and Veteran Affairs has requested that the Governor convene an Advisory Committee to review the status of gambling in Maine;

WHEREAS, all parties agree that there is a need to conduct a comprehensive review of the gambling laws of Maine in order to assure that the laws address modern developments in the gaming industry, including the advent of electronic gambling, and provide for effective administration of gambling laws;

NOW THEREFORE, I, Angus S. King, Jr., Governor of the State of Maine, do hereby establish, effective immediately, the Advisory Committee on Gambling, as follows:

**1. Purpose and Charge**

The Committee shall:

- a. Review and assess the available information on the status of gambling in the State of Maine and the United States, as well as the social and economic impacts of such gambling on Maine;
- b. Undertake a comprehensive review of all of Maine's laws on gambling including laws on beano and the State Lottery and all legislative proposals presented in the 117<sup>th</sup> Legislature concerning gambling;
- c. Examine gambling laws in other states, particularly states which have established gaming commissions and in the Canadian Provinces and the experience of those states and provinces with gambling activities;
- d. Develop proposals for amending, revising or otherwise changing the State's laws on gambling in order to produce a consistent and modern scheme for regulating gambling activities in this State that is in the best interests of the State;
- e. Develop a proposal for a regulatory mechanism to review, oversee, develop and coordinate gambling policies of the State and to coordinate and oversee gambling regulation in the State; and
- f. Examine the recommendations, if any, of the Maine Harness Racing Task Force created by Executive Order 6 FY 95/96 pertaining to the most effective regulation off-track betting and simulcasting.

## 2. Report

The Advisory Committee shall submit a final report to the Governor, President of the Senate, Speaker of the House, and the Joint Standing Committee on Legal and Veterans Affairs of the First Regular Session of the 118<sup>th</sup> Legislature.

## 3. Membership

The Advisory Committee shall consist of eleven members, including the following:

- a. Two Representatives appointed by the Speaker of the House of Representatives;
- b. Two Senators, appointed by the President of the Senate;
- c. Two members to represent the public interest;
- d. The Chair of the Maine Harness Racing Commission,
- e. A representative of the Maine State Police;
- f. A representative of the State Lottery Commission; and
- g. Two representatives of the gambling industry.

## 4. Funding and Staff

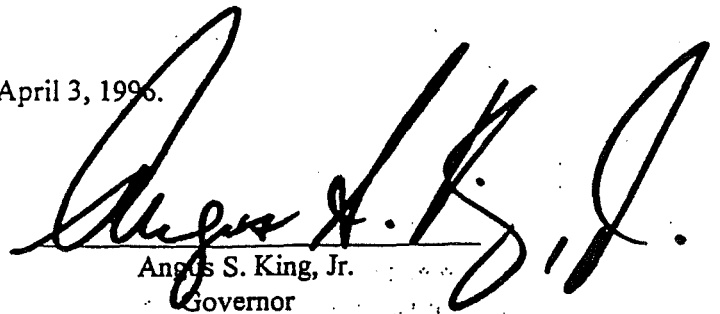
The Advisory Committee will be supported, staffed and funded, within existing resources, by the State Planning Office and the Maine State Police. The Attorney General and the Office of Policy and Legal Analysis shall be invited to appoint a designee to serve as a resource to the Advisory Committee.

## 5. Meetings

The Advisory Committee shall convene at a first meeting called by the Governor no later than May 1, 1996.

## 6. Effective Date

The effective date of this Executive Order is April 3, 1996.



Angus S. King, Jr.  
Governor

## **APPENDIX B:**

### **GAMBLING INFORMATION FROM OTHER STATES**

Due to its length, Appendix B is contained in Volume II to this report. It is available as a separate document in libraries where this report is available.