

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 33 FY 06/07
DATE June 1, 2007

**AN ORDER ESTABLISHING THE COMMITTEE TO REVIEW THE TAXATION OF
SLOT MACHINE REVENUES**

WHEREAS, in 2003 the citizens of Maine approved the construction of a slot machine facility in Bangor, Maine; and

WHEREAS, during the months that followed, the State developed a regulatory framework for slot machine operators under which any operator must pay a 1% tax on gross slot machine revenue and a 39% tax on net slot machine revenue; and

WHEREAS, in reliance on the statutory framework described above, a slot machine operator was licensed by the State in 2005 and opened a temporary, 475 slot machine facility in accordance with State law; and

WHEREAS, the slot machine operator has invested over \$70 million in the State of Maine in reliance on the statutory framework; and

WHEREAS, in further reliance on the statutory framework describe above, the operator commenced planning for a larger gaming facility requiring an investment of approximately \$131 million; and

WHEREAS, earlier this year the concept of increasing the slot machine operator's tax burden was discussed before the Legislature's Joint Standing Committee on Appropriations, causing the operator to halt construction; and

WHEREAS, despite the Legislature's subsequent rejection of the proposed tax increase, the operator and members of the business community remain concerned over the stability of Maine's tax structure with respect to slot machine operations; and

WHEREAS, the proposed facility is the only authorized gaming facility located in the State and the taxes in question present a unique circumstance in that they are applicable only to a single taxpayer; and

WHEREAS, adjustments to the methods by which the slot machine operator is taxed in Maine may enhance stability for this citizen-approved facility;

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby order the creation of the Committee to Review the Taxation of Slot Machine Revenues (the "Committee").

Purpose

The Committee is created to explore ways to enhance stability for this citizen-approved facility through simplification of the tax and revenue sharing structure in a revenue neutral manner that will yield to the State and the existing statutory beneficiaries the same revenue as would be collected under current law, but enhance the effectiveness and stability of the tax and revenue sharing requirements of current law. It is anticipated that the Committee will examine, among other things, the current tax structure for the slot machine operator and potential adjustments to the methods by which it is taxed.

The Committee shall report any recommendations to the Governor not later than December 1, 2007.

Procedures

The Committee shall meet at times and places called by the Chair.

Membership & Support

The Committee shall consist of at least seven members, who are appointed by, and serve at the pleasure of the Governor, one of whom shall be appointed by the Governor to serve as chair.

The Committee shall include:

- One representative of the slot machine operator
- One representative of the Gambling Control Board
- The Commissioner of the Department of Administrative & Financial Services, or her designee
- The Commissioner of the Department of Economic and Community Development, or his designee
- Three members of the public, one of whom shall have a background in the gaming industry

The President of the Senate may appoint two members of the Senate, and the Speaker of the House may appoint two members of the House of Representatives. Members shall serve at the pleasure of their appointing authority.

Members of the Committee shall serve without compensation.

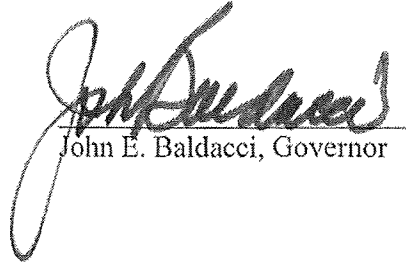
The Committee may call on representatives of other state agencies or organizations not represented on the Committee to provide limited information or to participate fully in the

Committee when, in the Committee's discretion, that person has responsibilities or expertise in a particular area that would be helpful to the work of the Committee.

Staff support to the Committee shall be provided by the Governor's Office and other state agencies as needed.

Effective Date

The effective date of this Executive Order is June 1, 2007.



John E. Baldacci, Governor