

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1135

S.P. 423

In Senate, March 18, 1991

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

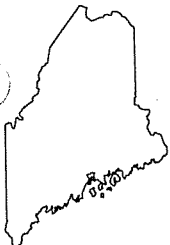
JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CONLEY of Cumberland
Cosponsored by Representative DAGGETT of Augusta, Representative STEVENS of
Sabattus and Representative GWADOSKY of Fairfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

**An Act Concerning the Regulation of Electronic Video Credit Machines
by the State Police.**



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

17 MRSA c. 14-A is enacted to read:

CHAPTER 14-A

ELECTRONIC VIDEO CREDIT MACHINES

§348. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Associated equipment. "Associated equipment" means any proprietary device, machine or part used in the manufacture or maintenance of an electronic video credit machine, including but not limited to integrated circuit chips, printed wired assemblies, printed wired boards, printing mechanisms, video display monitors and metering devices.

2. Electronic video credit machine. "Electronic video credit machine" means a machine that, upon insertion of coin or currency, is available to play or simulate the play of a video game authorized by the Chief of the State Police, including but not limited to poker, keno, and blackjack, utilizing a video display and microprocessor in which by chance the player may receive free games or credits that may be redeemed for cash. The term does not include a machine that directly dispenses coins, cash or tokens.

3. Electronic video credit machine distributor. "Electronic video credit machine distributor" means a person who owns electronic video credit machines and who distributes or places electronic video credit machines or associated equipment for use in this State.

4. Electronic video credit machine manufacturer. "Electronic video credit machine manufacturer" means a person who assembles or produces electronic video credit machines or associated equipment for sale or use in this State.

5. Electronic video credit machine wholesaler. "Electronic video credit machine wholesaler" means a person who sells electronic video credit machines or associated equipment for distribution in this State.

6. Licensee. "Licensee" means a person licensed by the Chief of the State Police to operate an electronic video credit machine.

7. Net machine income. "Net machine income" means money inserted into an electronic video credit machine minus credits

2 paid out in cash.

4 8. Operate. "Operate" means to offer for public use.

6 9. Payback value. "Payback value" means the value of
8 credits granted to players by an electronic video credit machine
compared to the value of money and credits inserted into the
machine by the player, calculated on an annual basis.

10 10. Person. "Person" means an individual, corporation,
12 association or partnership.

14 11. Uniform location agreement. "Uniform location
16 agreement" means a written agreement between a licensee and an
18 electronic video credit machine distributor that governs the
terms and conditions of the placement of electronic video credit
machines on the premises of the licensee, and that is on a form
developed by the Chief of the State Police.

20 §349. License required

22 A person may not manufacture, distribute, sell, operate or
24 place an electronic video credit machine for use in this State,
26 unless the person is licensed to do so by the Chief of the State
Police. A person may not operate an electronic video credit
machine in this State unless the machine is licensed by the Chief
of the State Police.

28 §349-A. License to operate

30 1. Eligible persons. The Chief of the State Police may
32 issue a license to operate an electronic video credit machine to
34 a person licensed to sell liquor for consumption on the premises
where sold.

36 2. Qualifications for individual license. An individual
38 may be issued a license to operate an electronic video credit
machine if the individual:

40 A. Is at least 21 years of age and of good character and
42 reputation in the community;

44 B. Is current in payment of all taxes, interest and
46 penalties owed to the State excluding items under formal
dispute or appeal pursuant to applicable statutes;

48 C. Has not been convicted of a crime punishable by one year
50 or more of imprisonment in any jurisdiction unless at least
10 years have passed since satisfactory completion of the
sentence or probation imposed by the court for the crime;

2 D. Has not been convicted of a violation of this chapter or
3 chapter 14; and

4
5 E. Has not knowingly made a false statement of material
6 fact to the Chief of the State Police in applying for a
7 license under this chapter or chapter 14.

8
9 3. Qualifications for partnership, corporation or
10 association license. A partnership may be licensed to operate an
11 electronic video credit machine if the partnership was organized
12 in this State, the partnership meets the qualifications of
13 subsection 2, paragraphs B through E and each partner of the
14 partnership meets all the requirements of subsection 2. A
15 corporation or association may be licensed to operate an
16 electronic video credit machine if the association or corporation
17 was organized in this State, the corporation or association meets
18 the qualifications of subsection 2, paragraphs B through E and
19 each officer, director and owner of 10% or more of the shares or
20 other ownership interest of the corporation or association meets
21 all the requirements of subsection 2.

22
23 4. Placement of machines. No more than 3 electronic video
24 credit machines may be placed on the premises of a licensee. A
25 machine may not be placed in any location other than the premises
26 of the licensee.

27 5. Uniform location agreement. Each electronic video
28 credit machine must be subject to a uniform location agreement
29 between the distributor and the licensee. A copy of the
30 agreement must be submitted to the Chief of the State Police.

31 §349-B. Licensing of machines

32
33 1. License required. An electronic video credit machine
34 may not be placed for public use or operated in this State unless
35 the machine is licensed by the Chief of the State Police. The
36 machine license must be prominently displayed on the machine.

37 2. Requirements for license. To be licensed, an electronic
38 video credit machine:

39 A. May only offer games permitted by the Chief of the State
40 Police;

41 B. May not have any means of manipulation that affect the
42 random probabilities of winning a game;

43 C. Must have one or more mechanisms that accept coin or
44 cash in the form of bills and that are designed to prevent a
45 person from obtaining credits without paying;
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2 D. Must be designed to suspend operation until reset if a
4 person attempts to obtain credits without paying by physical
 tampering;

6 E. Must have nonresettable meters housed in a readily
8 accessible locked machine area that keep a permanent record
10 of all cash inserted into the machine, all refunds of
 winnings made by the machine's printer, credits played for
 video games and credits won by video players;

12 F. Must be capable of printing a ticket voucher stating the
14 value of the prize for the player at the completion of each
16 video game; the time of day in 24-hour format showing hours
18 and minutes; the date; the machine's serial number; the
 sequential number of the ticket vouchers; and an encrypted
 validation number from which the validity of the prize may
 be determined;

20 G. Must have accounting software that keeps an electronic
22 record of information that includes, but is not limited to
24 the following: total cash inserted into the machine; the
26 value of winning tickets claimed by players; the total video
 credits played and the total video credits awarded by the
 game; and the playback percentage credited players of each
 video game; and

28 H. Must be linked under a central communications system
30 developed under section 349-G to provide auditing program
 information.

32 3. Amount of play; payback value. An electronic video
34 credit machine may be played for a minimum of 25¢ and a maximum
36 of \$2 in a single game. The maximum prize awarded may not exceed
 the value of \$1,000. The payback value of one credit must be at
 least 80% of the value of the credit.

38 4. Examination of prototypes. The Chief of the State
40 Police and the Attorney General shall examine prototypes of
42 electronic video credit machines and associated equipment of
44 manufacturers seeking a license as required in this chapter. The
46 Chief of the State Police shall require the manufacturer seeking
48 the examination and approval of the electronic video credit
50 machine or associated equipment to pay the anticipated actual
 cost of the examination before the examination occurs. After the
 examination occurs, the Chief of the State Police shall refund
 overpayments or charge and collect amounts sufficient to
 reimburse the Chief of the State Police for underpayments of
 actual cost. The Chief of the State Police may contract for the
 examinations of video machines and associated equipment as
 required by this section.

2 5. Unlicensed machine subject to confiscation. Any machine
4 that is not licensed as required by this section is contraband
and a public nuisance and is subject to confiscation by any law
6 enforcement officer.

8 §349-C. Licensing of manufacturer, distributor, wholesaler

10 1. Qualifications. To be licensed as an electronic video
12 credit machine manufacturer, distributor or wholesaler, a person
14 must meet the qualifications set forth in section 349-A. A video
16 machine distributor must also be a resident of the State for at
18 least 2 years before application and at least 50% of the
20 ownership interest in the distributor must be held by individuals
22 who have been residents of the State for at least 2 years before
application. Any individual applying for a license, any partner
of a partnership, or any officer, director or holder of more than
10% of the ownership interest of a corporation or association
applying for a license as a manufacturer, distributor or
wholesaler must submit to a background investigation by the Chief
of the State Police to verify the applicant's compliance with the
requirements of section 349-A.

24 2. Levels of license; prohibition against multiple
26 licenses. A person licensed as an electronic video credit
28 machine manufacturer or wholesaler has a Level 1 license. A
30 person licensed as an electronic video credit machine distributor
has a Level 2 license. A licensee has a Level 3 license. A
person may not hold more than one level of license.

32 §349-D. Applications

34 1. Form. An application for a license required under this
36 chapter must be on the form provided by the Chief of the State
38 Police. The application must be signed by the individual
40 applicant or by a duly authorized officer of the partnership,
42 corporation or association applying for the license. It must
contain the full name and address of the applicant, a description
of the electronic video credit machine, the location of the
premises of the applicant and any other information required by
the Chief of the State Police.

44 2. Notification of municipal officers. An applicant for a
46 license to operate an electronic video credit machine must send a
48 copy of the application to the officers of the municipality in
which the machine will be operated. The applicant must certify
in the application that the notice has been sent and must list
the names and addresses of the persons to whom the notice was
sent.

2 §349-E. Fees; term of license; transferability

4 1. Fees. The annual fee for licenses required by this
6 chapter are as follows.

8 A. A license for an electronic video credit machine
10 manufacturer is \$5,000;

12 B. A license for an electronic video credit machine
14 wholesaler is \$5,000;

16 C. A license for an electronic video credit machine
18 distributor is \$1,000; and

20 D. A license to operate an electronic video credit machine
22 is \$100 per machine.

24 In addition to the annual license fee, the Chief of the State
26 Police may charge a one-time application fee in an amount equal
28 to the actual cost of processing the application and performing
30 any background investigations not to exceed \$500. All fees
32 collected pursuant to this section must be deposited directly to
34 the General Fund.

36 2. Term of license. All licenses issued by the Chief of
38 the State Police under this chapter are effective for one year
40 and are renewable annually, unless sooner revoked pursuant to
42 section 349-F.

44 3. Nontransferable. A license issued under this chapter is
46 not transferable or assignable.

48 §349-F. Actions relating to licenses

50 The Chief of the State Police may suspend or revoke, or
52 refuse to issue or renew a license required under this chapter
for just cause, including any of the following:

A. The person made or caused to be made a false statement
of material fact in obtaining a license under this chapter
or in connection with service rendered within the scope of
the license issued;

B. The person or the person's agent violated any provision
of this chapter or any rule adopted by the Chief of the
State Police under section 349-G; or

C. The person has been convicted of a crime under this
chapter, chapter 14 or Title 17-A, chapter 39 or convicted
within the prior 10 years of any crime for which
imprisonment for more than one year may be imposed.

2 §349-G. Powers and duties of the Chief of the State Police

4 1. Powers. The Chief of the State Police has power:

6 A. To regulate, supervise and exercise general control over
8 the operation of electronic video credit machines;

10 B. To investigate the direct or indirect ownership or
12 control of any licensee; and

14 C. To adopt rules necessary to administer and enforce this
16 chapter.

18 2. Duties. The Chief of the State Police shall:

20 A. Investigate or cause to be investigated all complaints
22 made to the State Police and all violations of this chapter
24 or the rules adopted pursuant to this section;

26 B. Develop, install and test a central communications
28 system to provide auditing program information for all
30 licensed electronic video credit machines. The
32 communications system may not limit participation to only
34 one manufacturer of video machines by either the cost in
36 implementing the necessary program modifications to
38 communicate or the inability to communicate with the central
40 communications system; and

42 C. Adopt rules to prevent undesirable conduct relating to
44 the operation of electronic video credit machines, including
46 the following:

48 (1) Practice of any fraud or deception upon a player
50 of an electronic video credit machine;

(2) Presence of an electronic video credit machine in
or at premises that may be unsafe due to fire hazard or
other such conditions;

(3) Obscene advertising;

(4) Solicitation on a public way of persons to play
electronic video credit machines;

(5) Infiltration of organized crime into the operation
of electronic video credit machines or into the
distributing of the machines;

(6) Presence of disorderly persons in a location
where electronic video credit machines are in use; or

2 (7) Use of the word "casino" to describe any
4 electronic video credit machine licensed under this
6 chapter or as the name or any part of the name of the
 licensed premises or of a portion of the premises where
 the electronic video credit machine is located.

8 **§349-H. Limits on machine play**

10 1. Hours of play. A licensee may permit a person to play
12 an electronic video credit machine only during legal hours for
 the on-premises consumption of liquor.

14 2. Age of player. A licensee may permit only a person 21
16 years of age or older to play an electronic video credit machine.

18 3. Time and money limits imposed by licensee. A licensee
20 may impose a daily limit on the amount of time or money spent by
 an individual playing the electronic video credit machines on the
 licensee's premises.

22 **§349-I. Reports; records**

24 1. Records required. The licensee shall keep a record of
26 all financial transactions involving an electronic video credit
28 machine. The records must include an exact account of all income
30 from the machine; a list of all expenses, including, but not
32 limited to, the cost of prizes, printing, licenses and
34 administration; and an exact account of the disposition of all
 other proceeds for the machine. All records of financial
 transactions involving the machine must be separate and
 distinguishable from all other financial records of the licensee.
 Income from more than one machine may be entered into one account.

36 2. Records maintained for 3 years. Every licensee shall
38 maintain for a period of 3 years reports necessary to
 substantiate the records and reports required by this section or
 by the rules adopted under this chapter.

40 3. Location. All records maintained by a licensee must be
42 maintained on the premises where the electronic video credit
44 machine is operated or at the primary business office of the
46 licensee. The primary business office must be designated by the
48 licensee in the license application. All records must be open to
50 inspection by the Chief of the State Police or the chief's
 representative and a licensee may not refuse the Chief of the
 State Police or the chief's representative the right to inspect
 or audit the records. Refusal to permit inspection or audit of
 the records is not a crime under this chapter, but does
 constitute grounds for revocation of the license.

2 4. Required reports. The Chief of the State Police shall
4 require from any licensed distributor, manufacturer, wholesaler
 or licensee whatever reports the chief considers necessary for
 the administration and enforcement of this chapter.

6 §349-J. Reporting and allocation of net machine income

8 1. Records. A licensee shall keep a record of net machine
10 income in the form required by the Chief of the State Police.

12 2. Allocation of net machine income. Net machine income
14 must be allocated among the electronic video credit machine
 distributor, the licensee and the State as follows.

16 A. For the first 2 years after the effective date of this
18 chapter, the State's percentage of net machine income is
 25%, the distributor's percentage of net machine income is
20 37.5% and the licensee's percentage of net machine income is
 37.5%.

22 B. For the 3rd and 4th years after the effective date of
24 this chapter, the State's percentage of net machine income
 is 27.5%, the distributor's percentage of net machine income
26 is 36.25% and the licensee's percentage of net machine
 income is 36.25%.

28 C. For the 5th and 6th years after the effective date of
30 this chapter, the State's percentage of net machine income
 is 30%, the distributor's percentage of net machine income
32 is 35% and the licensee's percentage of net machine income
 is 35%.

34 D. For the 7th and subsequent years, the State's percentage
36 of net machine income is 33.33%, the distributor's
 percentage of net machine income is 33.33% and the
38 licensee's percentage of net machine income is 33.34%.

40 3. Use of state share. The Treasurer of State shall
42 transfer annually to the Local Government Fund created in Title
 30-A, section 5681 an amount equal to 25% of the state share of
44 net machine income derived from electronic video credit machines
 during the preceding 12-month period.

46 4. Remittance to the State. The State's percentage of net
48 machine income must be reported and remitted to the Treasurer of
 State within 15 days after the 15th day of each month by the
50 licensee. Payments must be made by electronic transfer of
 funds. The State shall have access to a specific account that
 the distributor is required to have for this purpose.

2 holding licenses for the on-premises consumption of liquor. No
3 more than 3 machines are permitted in a single establishment.
4 Machines accept coins or bills, with a maximum play of \$2 per
5 game. Maximum payoff is \$1,000. Machines are required to pay
6 out in credits at least 80% of the total amount played. Approved
7 games include poker, keno and blackjack.

8 Machines are linked by telephone line to a central computer
9 of the State Police for reporting revenue, other data and
10 malfunctions.

12 The Treasurer of State receives a share of the net income
13 from the machines after payout of prizes. The State's share
14 begins at 25% and increases to 33.3%. One fourth of the state
15 money is used to increase the funds available to the state for
16 municipal revenue sharing.

18 Manufacturers, distributors and operators of the machines
19 are required to be licensed by the State Police. Applicants for
20 licenses are subject to background investigations.