

# MAINE STATE LEGISLATURE

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L.D. 2185

(Filing No. S-684)

STATE OF MAINE  
SENATE  
115TH LEGISLATURE  
SECOND REGULAR SESSION

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1547, L.D. 2185, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government for the Fiscal Years ending June 30, 1992 and June 30, 1993 and to Change Certain Provisions of the Laws"

Amend the amendment by striking out all of Part WW.

Further amend the amendment by inserting before the fiscal note the following:

PART XX

Sec. XX-1. 8 MRSA §372, sub-§2, ¶H, as enacted by PL 1987, c. 505, §2, is amended to read:

H. Certify monthly to the Treasurer of State, the commission and the commissioner a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month; submit an annual report, subject to the approval of the commission, which shall must include a full and complete statement of lottery revenues, prize disbursements and expenses, to the Governor and the Legislature, together with recommendations for changes in this chapter; and

Sec. XX-2. 8 MRSA §372, sub-§2, ¶I, as amended by PL 1989, c. 879, §1 and affected by §4, is further amended to read:

I. Carry on a continuous study and investigation of the lotteries throughout the State and the operation and administration of similar laws that may be in effect in other states or countries. The director, subject to the

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2 prior approval of the commission, may enter into a written  
agreement with the Multi-State Lottery Association, known as  
4 Lotto\*America, for the operation, marketing and promotion of  
a joint lottery or joint lottery games with other states.

6 Before the director may enter into a final agreement with  
Lotto\*America under this paragraph, a hearing open to the  
8 public must be held. The hearing is not subject to the  
requirements of the Maine Administrative Procedure Act,  
10 Title 5, chapter 375. The director shall provide at least  
30 days' public notice before the hearing may be held.  
12 Notice must be given by publication at least twice in a  
newspaper of general circulation in the State. If a final  
14 agreement with Lotto\*America is entered into, the director  
shall submit monthly financial reports to the joint standing  
16 committee of the Legislature having jurisdiction over  
appropriations and financial affairs. These reports must  
18 include statements of net profits to the General Fund and  
the costs to the State for operating, marketing and  
20 promoting Lotto\*America.

22 Any final agreement entered into with Lotto\*America must  
provide that the director has the authority to terminate the  
24 agreement upon the provision of reasonable notice, not to  
exceed 6 months. The final agreement must further provide  
26 that the director may terminate the agreement at any time,  
without prior notice, in the event that the director's  
28 authority is withdrawn or limited by law; and

30 **Sec. XX-3. 8 MRSA §372, sub-§2, ¶J is enacted to read:**

32 J. Carry out the duties assigned to the Director of the  
Bureau of Alcoholic Beverages and Lottery Operations under  
34 Title 17, chapter 16, including development and maintenance  
of a central computer system to monitor licensed video  
36 lottery terminals and coordinating and cooperating with the  
Chief of the State Police in implementing and enforcing that  
38 chapter.

40 **Sec. XX-4. 8 MRSA §374, sub-§1, ¶¶K and L, as enacted by PL**  
1987, c. 505, §2, are amended to read:

42 K. The manner and amount of compensation to be paid  
44 licensed sales agents necessary to provide for the adequate  
availability of tickets or shares to prospective buyers and  
46 for the convenience of the general public; and

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2 L. The apportionment of the total annual revenue accruing  
3 from the sale of lottery tickets or shares and from all  
4 other sources for the payment of prizes to the holders of  
5 winning tickets or shares; for the payment of costs incurred  
6 in the operation and administration of the lotteries,  
7 including the expenses of the commission and the costs  
8 resulting from any contract or contracts entered into for  
9 promotional, advertising, consulting or operational services  
10 or for the purchase or lease of lottery equipment and  
11 materials; for the repayment of the money appropriated to  
12 the State Lottery Fund; and for transfer to the General Fund  
13 for distribution pursuant to section 387-; and

14 Sec. XX-5. 8 MRSA §374, sub-§1, ¶M is enacted to read:

16 M. Rules to administer and enforce Title 17, chapter 16,  
17 which may be adopted jointly with the Chief of the State  
18 Police.

20 Sec. XX-6. 17 MRSA §348 is enacted to read:

22 §348. Applicability

24 Except as expressly provided in chapter 16, this chapter  
25 does not apply to video lottery terminals.

26 Sec. XX-7. 17 MRSA c. 16 is enacted to read:

28 CHAPTER 16  
30 VIDEO LOTTERY TERMINALS  
32 SUBCHAPTER I  
34 GENERAL PROVISIONS

36 §361. Definitions

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

42 1. Associated equipment. "Associated equipment" means any  
43 proprietary device, machine or part used in the manufacture or  
44 maintenance of a video lottery terminal, including but not  
45 limited to integrated circuit chips, printed wired assemblies,  
46 printed wired boards, printing mechanisms, video display monitors  
47 and metering devices.

48

2        2. Director. "Director" means the Director of the Bureau  
3        of Alcoholic Beverages and Lottery Operations in the Department  
4        of Administrative and Financial Services.

6        3. Drug abuser. "Drug abuser" has the same meaning as set  
7        forth in Title 5, section 20003, subsection 10.

8        4. Drug addict. "Drug addict" has the same meaning as set  
9        forth in Title 5, section 20003, subsection 11.

10       5. Drug-dependent person. "Drug-dependent person" has the  
11       same meaning as set forth in Title 5, section 20003, subsection  
12       12.

14       6. Formal charging instrument. "Formal charging  
15       instrument" means a complaint, indictment, information, juvenile  
16       petition or other formal written accusation against a person for  
17       some criminal or juvenile offense.

20       7. Fugitive from justice. "Fugitive from justice" has the  
21       same meaning as set forth in Title 15, section 201, subsection 4.

22       8. Licensee. "Licensee" means a person licensed by the  
23       Chief of the State Police to operate a video lottery terminal.

26       9. Net terminal income. "Net terminal income" means money  
27       inserted into a video lottery terminal minus credits paid out in  
28       cash.

30       10. Operate. "Operate" means to offer for public use.

32       11. Payback value. "Payback value" means the value of  
33       credits granted to players by a video lottery terminal compared  
34       to the value of money inserted into the terminal by players,  
35       calculated on an annual basis.

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

40       13. Reckless or negligent conduct. "Reckless or negligent  
41       conduct" means that the applicant, either consciously  
42       disregarding or failing to be aware of a risk that the  
43       applicant's conduct would cause such a result, engaged in conduct  
44       that in fact created a substantial risk of death, serious bodily  
45       injury or bodily injury to another human being and the  
46       applicant's disregard or failure to be aware of that risk, when  
47       viewed in light of the nature and purpose of the applicant's  
48       conduct and the circumstances known to the applicant, involved a

deviation from the standard of conduct that a reasonable and prudent person would observe in the same situation.

14. Uniform location agreement. "Uniform location agreement" means a written agreement between a licensee and a video lottery terminal distributor that governs the terms and conditions of the placement of video lottery terminals on the premises of the licensee and that is on a form developed by the Chief of the State Police.

15. Video lottery terminal. "Video lottery terminal" 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. "Video lottery terminal" does not include a machine that directly dispenses coins, cash or tokens.

16. Video lottery terminal distributor. "Video lottery terminal distributor" means a person who owns video lottery terminals and who distributes or places video lottery terminals or associated equipment for use in this State.

17. Video lottery terminal manufacturer. "Video lottery terminal manufacturer" means a person who assembles or produces video lottery terminals or associated equipment for sale or use in this State.

18. Video lottery terminal wholesaler. "Video lottery terminal wholesaler" means a person who sells video lottery terminals or associated equipment for distribution in this State.

§362. License required

A person may not manufacture, distribute, sell, operate or place a video lottery terminal for use in this State unless the person is licensed to do so by the Chief of the State Police. A person may not place for public use or operate a video lottery terminal in this State unless the machine is licensed by the Chief of the State Police.

§363. Administration and enforcement

The Chief of the State Police and the director shall administer and enforce the provisions of this chapter as specified in this chapter.

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§364. Powers and duties of the Chief of the State Police

2  
3 1. Powers. In addition to powers conferred by any other  
4 provision of law, the Chief of the State Police may:

6 A. Regulate, supervise and exercise general control over  
7 the operation of video lottery terminals;

8  
9 B. Investigate the direct or indirect ownership or control  
10 of any licensee;

12 C. Adopt rules necessary to administer and enforce this  
13 chapter, including the power to jointly adopt rules with the  
14 State Lottery Commission;

16 D. In any investigation conducted under this chapter, issue  
17 subpoenas to compel the attendance of witnesses and the  
18 production of evidence relevant to any fact at issue; and

20 E. Approve or disapprove terms and conditions of uniform  
21 local agreements.

22  
23 2. Duties. The Chief of the State Police shall:

24  
25 A. Investigate or cause to be investigated all complaints  
26 made to the State Police and all violations of this chapter  
27 or the rules adopted under this chapter;

28  
29 B. Adopt rules to prevent undesirable conduct relating to  
30 the operation of video lottery terminals, including the  
31 following:

32  
33 (1) The practice of any fraud or deception upon a  
34 player of a video lottery terminal;

35  
36 (2) The presence of a video lottery terminal in or at  
37 premises that may be unsafe due to fire hazard or other  
38 such conditions;

39  
40 (3) The use of obscene advertising;

41  
42 (4) The solicitation on a public way of persons to  
43 play video lottery terminals;

44  
45 (5) The infiltration of organized crime into the  
46 operation of video lottery terminals or into the  
47 distributing of the terminals;  
48

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2           (6) The presence of disorderly persons in a location  
3           where video lottery terminals are in use; or

4           (7) The use of the word "casino" to describe any video  
5           lottery terminal licensed under this chapter or as the  
6           name or any part of the name of the licensed premises  
7           or of a portion of the premises where the video lottery  
8           terminal is located;

10          C. Direct the director to disable any video lottery  
11          terminal if the Chief of the State Police has reason to  
12          believe that:

14               (1) A person has illegally tampered with the terminal;

16               (2) The funds from the terminal have not been  
17               distributed, deposited or allocated in accordance with  
18               section 383; or

20               (3) The terminal does not meet the licensure  
21               requirements of this chapter; and

22          D. In accordance with the Maine Administrative Procedure  
23          Act develop industry standards for uniform location  
24          agreements to be used as the basis of agreements between  
25          distributors and licensees.

28          §365. Powers and duties of director.

30               I. Powers. In addition to powers conferred by any other  
31               provision of law, the director may:

32                   A. Propose to the State Lottery Commission for adoption  
33                   rules necessary to administer and enforce this chapter,  
34                   including rules to be adopted jointly with the Chief of the  
35                   State Police; and

36                   B. Subject to approval of the State Lottery Commission and  
37                   to any applicable laws relating to public contracts, enter  
38                   into a contract for performance of the director's duties  
39                   under this chapter. All contracts must be awarded in  
40                   accordance with rules adopted by the Department of  
41                   Administrative and Financial Services pursuant to Title 5,  
42                   chapters 141 to 145 and Title 5, sections 1812 and 1813. A  
43                   contract awarded or entered into by the director may not be  
44                   assigned by the holder of the contract, except by specific  
45                   approval of the commission.



2. Duties. The director shall:

2  
4 A. Develop, install and test an on-line real-time central  
computer system with continuous polling to all licensed  
6 video lottery terminal locations and terminals to provide  
8 auditing program information. The communications system may  
10 not limit participation to only one manufacturer of video  
lottery terminals by either the cost in implementing the  
12 necessary program modifications to communicate or the  
14 inability to communicate with the central communications  
system;

12  
14 B. Maintain and monitor the central computer system to  
ensure compliance with this chapter;

16 C. Attempt to determine the cause of any video lottery  
18 terminal malfunction detected by the central computer system  
and notify the Chief of the State Police of any suspected  
20 tampering with a video lottery terminal or any other  
violation of this chapter or the rules adopted under this  
22 chapter;

24 D. Cause the central computer system to disable a video  
lottery terminal as directed by the Chief of the State  
26 Police in accordance with section 364;

28 E. Collect funds due the State under section 383 and  
deposit them in the Video Lottery Fund established in  
30 section 384;

32 F. Immediately notify the Chief of the State Police of the  
failure of any distributor to comply with section 383;

34 G. Certify monthly to the Treasurer of State, the State  
36 Lottery Commission and the Commissioner of Administrative  
and Financial Services a full and complete statement of all  
38 video lottery terminal revenue, credits disbursed by  
licensees, administrative expenses and the allocation of net  
40 terminal income for the preceding month;

42 H. Submit by January 15th an annual report to the Governor  
and the joint standing committee of the Legislature having  
44 jurisdiction over legal affairs of video lottery terminal  
revenue, credits disbursed by licensees, administrative  
46 expenses and the allocation of net terminal income for the  
preceding year;

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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1547,  
L.D. 2185

1 I. Prepare and submit to the Commissioner of Administrative  
2 and Financial Services a budget for the program's  
3 administration; and

4  
5 J. Cooperate with the Chief of the State Police in  
6 implementing and enforcing the provisions of this chapter.

8 §366. Applicability of chapter 14

10 Except as expressly provided in this chapter, chapter 14  
11 does not apply to video lottery terminals.

12  
13 SUBCHAPTER II

14  
15 LICENSING

16 §371. License to operate

18  
19 1. Eligible persons. The Chief of the State Police may  
20 issue a license to operate a video lottery terminal to a person  
21 licensed to sell liquor for consumption on the premises where  
22 sold.

24 2. Qualifications for individual license. An individual  
25 may be issued a license to operate a video lottery terminal if  
26 the individual is eligible for a license under subsection 1 and  
27 the individual:

28  
29 A. Is of good moral character, determined pursuant to  
30 subsection 4;

31  
32 B. Is current in payment of all taxes, interest and  
33 penalties owed to the State or to a municipality, excluding  
34 items under formal dispute or appeal pursuant to applicable  
35 statutes or ordinances;

36  
37 C. Has not been convicted of a crime punishable by one year  
38 or more of imprisonment in any jurisdiction unless at least  
39 10 years have passed since satisfactory completion of the  
40 sentence or probation imposed by the court for the crime;

41  
42 D. Has not been convicted of a violation of this chapter or  
43 chapter 14;

44  
45 E. Is not a fugitive from justice, a drug abuser, a drug  
46 addict, a drug-dependent person, an illegal alien, or a  
47 person who was dishonorably discharged from the military  
48 forces within 5 years prior to the date of application;

2 F. Has completed the application form and complied with the  
4 requirements of section 374;

6 G. Has sufficient financial assets to meet the financial  
8 obligations imposed by this chapter and a method acceptable  
to the Chief of the State Police for meeting those  
obligations; and

10 H. Has not knowingly made a false statement of material  
12 fact to the Chief of the State Police in applying for a  
license under this chapter or chapter 14.

14 3. Qualifications for partnership, corporation or  
16 association license. A partnership may be licensed to operate a  
18 video lottery terminal if the partnership is eligible for a  
20 license under subsection 1 and the partnership was organized in  
22 this State, the partnership meets the qualifications of  
24 subsection 2, paragraphs B to G and each partner of the  
26 partnership meets all the requirements of subsection 2. A  
28 corporation or association may be licensed to operate a video  
lottery terminal if the association or corporation is eligible  
for a license under subsection 1 and the corporation or  
association was organized in this State, the corporation or  
association meets the qualifications of subsection 2, paragraphs  
B to G and each officer, director and owner of any interest of  
the corporation or association meets all the requirements of  
subsection 2.

30 4. Determination of good moral character. The Chief of the  
32 State Police shall make a determination of moral character solely  
34 on the basis of information recorded by governmental entities  
within 5 years of receipt of the application, including, but not  
limited to, the following matters:

36 A. Information of record relative to incidents of abuse by  
38 the applicant of family or household members, provided  
pursuant to Title 19, section 770, subsection 1;

40 B. Information of record relative to convictions of the  
42 applicant for crimes punishable by imprisonment for less  
44 than one year or adjudications of the applicant for juvenile  
offenses involving conduct that, if committed by an adult,  
are punishable by imprisonment for less than one year;

46 C. Information of record indicating that the applicant has  
48 engaged in reckless or negligent conduct;

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2 D. Information of record relative to adjudications of the  
applicant for civil violations; and

4 E. Information of record regarding charges against the  
applicant for any crime in any jurisdiction.

6  
8 5. Municipal permit required. The Chief of the State  
Police may not issue a license to operate a video lottery  
terminal to any person who has not obtained a special  
10 entertainment permit for video lottery terminals, pursuant to  
Title 28-A, section 1054, from the municipality in which the  
12 video lottery terminal will be located.

14 6. Placement of terminals. No more than 3 video lottery  
terminals may be placed on the premises of a licensee. A  
16 terminal may not be placed in any location other than the  
premises of the licensee. A terminal must be placed in an area  
18 of the premises separated by a physical barrier from any part of  
the premises not dedicated to the operation of video lottery  
20 terminals. This area must be clearly labelled as an area that  
persons under the age of 21 may not enter. The area must be  
22 located and designed to permit the licensee or an agent of the  
licensee to see and control the area at all times to ensure  
24 compliance with the provisions of this chapter.

26 7. Uniform location agreement. Each video lottery terminal  
must be subject to a uniform location agreement between the  
28 distributor and the licensee. A copy of the agreement must be  
submitted to the Chief of the State Police. The Chief of the  
30 State Police may approve or disapprove any uniform location  
agreement. If the uniform location agreement is disapproved, the  
32 Chief of the State Police must provide written reasons for the  
denial. The uniform location agreement is the complete and sole  
34 agreement between the licensee and the distributor regarding  
video lottery terminals. No other agreement between the licensee  
36 and the distributor is legally binding.

38 8. Appeal to commissioner. Any distributor or licensee  
denied approval of a uniform location agreement may appeal the  
40 decision of the Chief of the State Police to the Commissioner of  
Public Safety. The commissioner shall hold a hearing to include  
42 the distributor, the licensee and the Chief of the State Police  
or the chief's designee prior to rendering a decision on the  
44 appeal. The commissioner shall render a decision within 30 days  
of the hearing.

46  
48 9. Disclosure of other contracts and agreements. A  
distributor shall disclose to the Chief of the State Police any

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other contracts or agreements that the distributor or a subsidiary of the distributor has made with a licensee.

10. Incentives prohibited. A distributor may not offer an incentive to a licensee to accept placement of a video lottery terminal on the premises of the licensee and a licensee may not solicit such an incentive. For purposes of this subsection, "incentive" means any consideration, including a premium or bonus in cash, an advance payment of the licensee's share of net terminal income or merchandise. "Incentive" does not include the licensee's share of net terminal income provided for in section 383. A person who violates this subsection is guilty of a Class C crime and that person's license, if any, is revoked and the right to apply for a license under this chapter is precluded.

§372. Licensing of terminals

1. License required. A video lottery terminal may not be placed for public use or operated in this State unless the terminal is licensed by the Chief of the State Police. The terminal license must be prominently displayed on the terminal.

2. Requirements for license. To be licensed, a video lottery terminal:

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

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

C. Must have one or more mechanisms that accept coin or cash in the form of bills and that are designed to prevent a person from obtaining credits without paying;

D. Must be designed to suspend operation until reset if a person attempts, by physical or other tampering, to obtain credits without paying;

E. Must have nonresettable meters housed in a readily accessible locked terminal area that keep a permanent record of all cash inserted into the terminal, credits awarded by the terminal, credits played for video games and credits distributed by tickets made by the terminal's printer;

F. Must be capable of printing a ticket voucher stating the value of the credits for the player at the completion of each video game; the time of day in 24-hour format showing

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2 hours and minutes; the date; the terminal's serial number;  
4 the sequential number of the ticket vouchers; and an  
encrypted validation number from which the validity of the  
credits may be determined;

6 G. Must have accounting software that keeps an electronic  
8 record of information that includes, but is not limited to,  
10 the following: total cash inserted into the terminal; total  
12 credits awarded by the terminal, total credits played for  
video games and total credits distributed by tickets made by  
the terminal's printer; and the payback percentage of each  
video game; and

14 H. Must be linked to the on-line central communications  
16 system developed under sections 364 and 365 to provide  
continuous auditing program information.

18 3. Amount of play; payback value. A video lottery  
20 terminal may be played for a minimum of 25¢ and a maximum of \$2  
22 in a single game. The maximum prize awarded may not exceed the  
value of \$1,000. The payback value of each type of game offered  
by each terminal must be at least 80%.

24 4. Examination of prototypes. The Chief of the State  
26 Police and the Attorney General shall examine prototypes of video  
28 lottery terminals and associated equipment of manufacturers  
30 seeking a license as required in this chapter. The Chief of the  
32 State Police shall require the manufacturer seeking the  
34 examination and approval of the video lottery terminal or  
36 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  
lottery terminals and associated equipment as required by this  
section.

38 5. Unlicensed terminal subject to confiscation. Any  
40 terminal that is not licensed as required by this section is  
42 contraband and a public nuisance and is subject to confiscation  
by any law enforcement officer.

44 6. Ownership of terminals. A person may not place or  
46 operate a video lottery terminal for public use in this State if  
48 the terminal is owned by a person other than a video lottery  
terminal distributor licensed under this chapter. A video  
lottery terminal distributor may not own more than 400 video

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lottery terminals licensed in this State or more than 15% of the  
total number of video lottery terminals licensed in this State,  
whichever is greater.

7. Transition computer link. Notwithstanding subsection 2,  
paragraph H, a terminal that is not linked to the on-line  
computer system developed under sections 364 and 365 may be  
licensed and operated during the transition period, provided the  
terminal is linked to the central computer system with dial-up  
polling pending conversion to continuous polling. For purposes  
of this section, the transition period is the 6-month period  
beginning on the date on which a licensed terminal is first  
operated in the State.

§373. Licensing of manufacturer, distributor, wholesaler

1. Qualifications. To be licensed as a video lottery  
terminal manufacturer, distributor or wholesaler, a person must  
meet the qualifications set forth in section 371, excluding  
subsection 1. Any individual applying for a license, any partner  
of a partnership, or any officer, director or holder of any  
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 371, excluding subsection 1.

2. Levels of license; prohibition against multiple  
licenses. A person licensed as a video lottery terminal  
manufacturer or wholesaler has a Level 1 license. A person  
licensed as a video lottery terminal distributor has a Level 2  
license. A licensee has a Level 3 license. A person may not  
hold more than one level of license.

§374. Applications

1. Form. An application for a license required under this  
chapter must be on the form provided by the Chief of the State  
Police. The application must be signed by the individual  
applicant or by a duly authorized officer of the partnership,  
corporation or association applying for the license. The  
application must contain the following information regarding the  
individual applicant and each officer, director, partner or owner  
of any interest in a corporation, partnership or association  
applying for a license:

A. Full name;

2 B. Full current address and addresses for the prior 5 years;

4 C. A record of previous issuances of, refusals to issue and  
revocations of a license under this chapter; and

6 D. Answers to the following questions posed in  
substantially the following form:

8  
10 (1) "Is there a formal charging instrument now pending  
against you in this or any other jurisdiction for a  
crime that is punishable by imprisonment for one year  
12 or more?"

14 (2) "Is there a formal charging instrument now pending  
against you in this or any other jurisdiction for a  
16 juvenile offense that involves conduct that, if  
committed by an adult, would be punishable by  
18 imprisonment for one year or more?"

20 (3) "Have you ever been convicted of a crime described  
in subparagraph (1) or adjudicated as having committed  
22 a juvenile offense as described in subparagraph (2)?"

24 (4) "Are you a fugitive from justice?"

26 (5) "Are you a drug abuser, drug addict or  
drug-dependent person?"

28  
30 (6) "Have you been dishonorably discharged from the  
military forces within the past 5 years?"

32 (7) "Are you an illegal alien?"

34 (8) "To your knowledge, have you been the subject of  
an investigation by any law enforcement agency within  
36 the past 5 years regarding the alleged abuse by you of  
family or household members?"

38  
40 (9) "Have you been convicted within the past 5 years  
of crimes punishable by imprisonment of less than one  
42 year?"

44 (10) "Have you been adjudged within the past 5 years  
to have committed juvenile offenses involving conduct  
that, if committed by an adult, would be punishable by  
46 imprisonment of less than one year?"



2                   (11) "To your knowledge, have you engaged within the  
4                   past 5 years in reckless or negligent conduct that has  
                  been the subject of an investigation by a governmental  
                  entity?"

6                   2. Signature as certification. The applicant, by affixing  
8                   the applicant's signature to the application, certifies the  
                  following:

10                   A. That the statements made in the application and any  
12                   documents made a part of the application are true and  
                  correct:

14                   B. That the applicant understands that an affirmative  
16                   answer to one or more of the questions in subsection 1,  
                  paragraph D, subparagraphs (3) to (7) is cause for refusal:

18                   C. That the applicant understands that the answers to  
20                   questions in subsection 1, paragraph D are used by the Chief  
22                   of the State Police, along with other information, in  
                  judging good moral character and an affirmative answer to  
                  one or more of those questions may be cause for refusal to  
24                   issue a license; and

26                   D. That the applicant understands that knowingly making any  
28                   false statement in the application or any document made a  
                  part of the application is grounds for a refusal to issue a  
                  license or revocation or suspension of a license.

30                   3. Consent to review records. At the request of the Chief  
32                   of the State Police, the applicant shall take whatever action is  
34                   necessary to permit the Chief of the State Police to examine  
36                   accounts and records in the applicant's possession, under the  
                  applicant's control or under the control of 3rd persons but  
                  accessible by consent of the applicant, and must authorize all  
                  3rd parties in possession or in control of those accounts or  
                  records to allow the Chief of the State Police or a designee to  
38                   examine the accounts and records as the Chief of the State Police  
                  determines necessary to ascertain:

40                   A. Whether the information supplied on the application or  
42                   any documents made a part of the application is true and  
                  correct:

44                   B. Whether each of the requirements of this section has  
46                   been met; or

2 C. Whether the applicant meets the requirements for  
licensure under this chapter.

4 This requirement includes taking whatever action is necessary to  
permit the Chief of the State Police or a designee to have access  
6 to confidential records held by banks, the courts, law  
enforcement agencies and the military for the purposes stated in  
8 this subsection.

10 4. Notification of municipal officers. An applicant for a  
license to operate a video lottery terminal must send a copy of  
12 the application to the officers of the municipality in which the  
terminal will be operated. The applicant must certify in the  
14 application that the copy has been sent and must list the names  
and addresses of the persons to whom the copy was sent.

16 §375. Fees; term of license; transferability

18 1. Fees. The annual fee for a license issued under this  
20 chapter is as follows:

22 A. A license for a video lottery terminal manufacturer is  
\$5,000;

24 B. A license for a video lottery terminal wholesaler is  
26 \$5,000;

28 C. A license for a video lottery terminal distributor is  
\$5,000; and

30 D. A license to operate a video lottery terminal is \$500  
32 per terminal.

34 In addition to the annual license fee, the Chief of the State  
Police may charge a one-time application fee for a license  
36 described in paragraph A, B or C in an amount equal to the actual  
cost of processing the application and performing any background  
38 investigations, but not to exceed \$500. All fees collected  
pursuant to this section must be deposited directly to the  
40 General Fund.

42 2. Term of license. All licenses issued by the Chief of  
the State Police under this chapter are effective for one year  
44 and are renewable annually, unless sooner revoked pursuant to  
section 376.

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

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2 §376. Actions relating to licenses

4 1. Suspension or revocation of license; refusal to renew.  
6 The Chief of the State Police may refuse to renew a license after  
8 a hearing in accordance with the Maine Administrative Procedure  
10 Act. The Administrative Court may suspend or revoke a license  
12 issued under this chapter. The Chief of the State Police may  
14 refuse to renew a license and the Administrative Court may revoke  
16 or suspend a license for just cause, including any of the  
18 following:

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

28 B. The person or the person's agent violated any provision  
30 of this chapter or any rule adopted under this chapter; or

32 C. The holder of a license under this chapter becomes  
34 ineligible to hold that license.

36 2. Ineligibility period following refusal to issue or renew  
38 or revocation of license. A person may not apply to the Chief of  
40 the State Police for any license under this chapter less than 2  
42 years after the Chief of the State Police refused to issue or  
44 renew a license under this chapter or less than 2 years after the  
46 Administrative Court revoked a license issued to the person under  
this chapter.

32 SUBCHAPTER III

34 TERMINAL OPERATION; ALLOCATION OF FUNDS

36 §381. Limits on terminal use

38 1. Hours of play. A licensee may not permit a person to  
40 play a video lottery terminal at any time other than during legal  
42 hours for the on-premises consumption of liquor.

44 2. Age of player. A licensee may not permit a person under  
46 21 years of age to play a video lottery terminal.

3. Time and money limits imposed by licensee. A licensee  
may impose a daily limit on the amount of time or money spent by

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an individual playing the video lottery terminals on the licensee's premises.

**§382. Payment of credits by licensee**

A licensee shall redeem credits for players who earn credits on terminals located on the premises of that licensee, in accordance with rules adopted jointly by the Chief of the State Police and the State Lottery Director. If a person receives a credit redeemable for more than \$500, the licensee shall require the person to complete a form listing the person's name, address and social security number. The licensee shall promptly send the form to the Bureau of Taxation.

**§383. Allocation of funds**

**1. Distributor responsible.** A video lottery terminal distributor shall collect and allocate funds from video lottery terminals owned by the distributor in accordance with this section.

**2. Allocation of net terminal income.** For the fiscal year ending June 30, 1993, the distributor shall allocate 65% of the net terminal income to the State, 17% of the net terminal income to the licensee on whose premises the terminal is located and 18% of the net terminal income to the distributor. For the fiscal years beginning on or after July 1, 1993, the distributor shall allocate 37.5% of net terminal income to the State, 30.0% of net terminal income to the licensee on whose premises the terminal is located and 32.5% of net terminal income to the distributor.

**3. Priority of payment to State.** If funds collected from a video lottery terminal are not sufficient to pay the amounts due the State, the distributor and the licensee, the distributor shall reduce the amount allocated to the distributor, the licensee or both. The distributor may not reduce the amount allocated to the State.

**4. Deposit of state funds.** Each distributor shall maintain a bank account accessible by the State for the deposit of funds owed to the State under this chapter. The distributor shall deposit in that account the State's share of the net terminal income attributable to terminals owned by the distributor during the first 15 days of each month not later than the 22nd day of the month. The distributor shall deposit in that account the State's share of net terminal income attributable to terminals owned by the distributor between the 16th and the last day of each month not later than the 7th day of the next month. If the day on which funds must be deposited is not a business day, the funds must be deposited on the next business day after that date.

5. Use of state share. At the end of each fiscal year beginning after June 30, 1993, the Treasurer of State shall transfer to the Local Government Fund created in Title 30-A, section 5681 an amount equal to 20% of the state share of net terminal income derived from video lottery terminals during that fiscal year, net of state administrative costs.

6. Failure to deposit funds. A distributor who fails to comply with this section commits a Class C crime. The license of that person may be revoked by the Administrative Court and the terminals to which the undeposited funds are attributable may be disabled by the State Lottery Director at the direction of the Chief of the State Police.

7. Late payments. All payments not remitted when due must be paid together with a penalty assessment on the unpaid balance at a rate of 1.5% per month.

§384. Video Lottery Fund

1. Fund created. There is created and established a separate fund to be known as the "Video Lottery Fund" to be deposited in such depositories as the Treasurer of State may select. The fund consists of all revenue payable to the State pursuant to section 383 and all other money credited or transferred to the fund from any other fund or source pursuant to law.

2. Use of money. The money in the Video Lottery Fund may be appropriated or allocated only:

A. For expenses incurred in implementing or enforcing this chapter;

B. For payment to the Local Government Fund pursuant to section 383; and

C. For payment to the General Fund.

3. Committee review of allocation. The State Lottery Director shall submit to the joint standing committee of the Legislature having jurisdiction over legal affairs for review all proposals for allocations from the Video Lottery Fund. The proposed allocations for each fiscal year must be submitted by the first of January preceding the start of the fiscal year.

§385. Use of proceeds by nonprofit organizations

2 Section 335 applies to the use of proceeds from video  
3 lottery terminals by any organization eligible to receive a  
4 license under section 332, except that the organization is not  
5 prohibited from using the proceeds to pay salaries, wages or  
6 remuneration to its employees. An organization eligible to  
7 receive a license under section 332 must file with the Chief of  
8 the State Police a disposition of funds form prescribed by the  
9 Chief of the State Police detailing the disposition of proceeds  
10 received from video lottery terminals. Every statement on the  
11 form must be made under oath by an officer of the organization.

12 SUBCHAPTER IV

13 ENFORCEMENT AND PENALTIES

14 §391. Reports; records

15 1. Reports; records. The Chief of the State Police or the  
16 director shall require from any licensed distributor,  
17 manufacturer, wholesaler or licensee whatever records and reports  
18 the chief or the director considers necessary for the  
19 administration and enforcement of this chapter.

20 2. Location. A license holder shall maintain all records  
21 required by this chapter or by rules adopted under this chapter  
22 at the primary business office within this State of the license  
23 holder or on the premises where the video lottery terminal is  
24 operated. In the case of a video lottery terminal manufacturer  
25 or wholesaler, the records must be maintained at the primary  
26 business office of the manufacturer or wholesaler. The primary  
27 business office must be designated by the license holder in the  
28 license application. All records must be open to inspection by  
29 the Chief of the State Police, the director or the designee of  
30 either of them and a license holder may not refuse the Chief of  
31 the State Police, the director or the designee of either of them  
32 the right to inspect or audit the records. Refusal to permit  
33 inspection or audit of the records is not a crime under this  
34 chapter, but does constitute grounds for revocation of the  
35 license.

36 §392. Access to premises, equipment, records

37 A person holding a license under this chapter shall permit  
38 the Chief of the State Police or the chief's designee to inspect  
39 any equipment, prizes, records or items and materials used or to  
40 be used in the operation of any video lottery terminal  
41 manufactured, owned, distributed or operated by that person. A  
42 person holding a license under this chapter shall consent in

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2 writing to the examination of all accounts, bank accounts and  
4 records in the license holder's possession or under the license  
6 holder's control and shall authorize all 3rd parties in  
8 possession or in control of those accounts or records to allow  
10 the Chief of the State Police or the chief's designee to examine  
12 the accounts and records as the chief determines necessary.

8 §393. Contempt

10 If a witness refuses to obey a subpoena issued by the Chief  
12 of the State Police or to give any evidence relevant to proper  
14 inquiry by the chief, the Attorney General may petition the  
16 Superior Court in the county where the refusal occurred to find  
18 the witness in contempt. The Attorney General shall cause to be  
20 served on the witness an order requiring that witness to appear  
22 before the Superior Court to show cause why that witness should  
24 not be adjudged in contempt. The court shall, in a summary  
26 manner, hear the evidence and, if it is such as to warrant the  
28 court to do so, punish the witness in the same manner and to the  
30 same extent as for contempt committed before the Superior Court  
32 or with reference to the process of the Superior Court.

22 §394. Violations

24 1. Crimes by licensees. A licensee who performs any of the  
26 following acts commits a Class D crime:

- 28 A. Permitting a person under 21 years of age to play a  
30 video lottery terminal licensed pursuant to this chapter; or
- 32 B. Permitting a person to play a video lottery terminal  
34 licensed pursuant to this chapter at a time other than  
36 during the legal hours for the on-premises consumption of  
38 liquor.

36 2. Class C crimes by any person. A person who performs any  
38 of the following acts commits a Class C crime:

- 40 A. Tampering with a video lottery terminal with intent to  
42 interfere with the proper operation of that terminal;
- 44 B. Manipulating or intending to manipulate the outcome,  
46 payoff or operation of a video lottery terminal by physical  
48 tampering or any other means;
- C. Manufacturing, distributing, selling, operating or  
placing a video lottery terminal for use in this State  
without a license; or

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2 D. Placing for public use or operating an unlicensed video  
4 lottery terminal in this State.

6 3. Class D crimes by any person. A person who violates any  
8 provision of this chapter or any rule adopted under this chapter  
for which a specific penalty is not provided commits a Class D  
crime.

10 Sec. XX-8. 25 MRSA §3902, sub-§4 is enacted to read:

12 4. Notice of violation of video lottery law. A liquor  
14 enforcement officer who notices a violation of any provision of  
Title 17, chapter 16 shall promptly notify the Chief of the State  
16 Police of the violation.

18 Sec. XX-9. 28-A MRSA §807 is enacted to read:

20 §807. Notice to Chief of the State Police

22 The commission shall notify the Chief of the State Police of  
24 the suspension or revocation of any license issued under this  
chapter. The commission shall also notify the Chief of the State  
26 Police of any investigation of a violation of any provision of  
this Title.

28 Sec. XX-10. 28-A MRSA §1054, sub-§11, ¶C is enacted to read:

30 C. A municipality may not combine a permit to operate a  
32 video lottery terminal, as defined in Title 17, section 361,  
with any other permit. The fee for a permit to operate a  
34 video lottery terminal may not be higher than the fee for  
any other special entertainment permit issued by the  
municipality.

36 Sec. XX-11. Working capital advance. The State Controller is  
38 authorized to advance to the Department of Administrative and  
40 Financial Services, Bureau of Alcoholic Beverages and Lottery  
42 Operations, Video Lottery Fund, \$250,000 from the General Fund  
44 Unappropriated Surplus, to be used for any necessary start-up  
46 costs associated with the implementation of a system of video  
lottery terminals in the State pursuant to the Maine Revised  
Statutes, Title 8, section 372, subsection 2 and Title 17,  
chapter 16. Funds advanced for this purpose must be returned to  
the General Fund Unappropriated Surplus no later than June 30,  
1992.



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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1547,  
L.D. 2185

2           **Sec. XX-12. Appropriation.**   The following funds are  
3 appropriated from the General Fund to carry out the purposes of  
4 this Act.

1992-93

6           **PUBLIC SAFETY, DEPARTMENT OF**

8           **State Police**

10          **Licensing Division**

12			(5.0)
14	Positions		
	Personal Services		\$234,612
	All Other		30,000
16	Capital Expenditures		57,836
18	<b>TOTAL</b>		<u>\$322,448</u>

20           Provides funds for 3  
22           detective positions and 2  
24           clerical positions, effective  
26           July 1, 1992, to perform the  
28           background check and  
30           licensing of video lottery  
32           terminal manufacturers,  
             wholesalers, distributors and  
             operators. General Fund  
             revenues from license fees  
             are projected to be  
             \$2,222,000 in fiscal year  
             1992-93.

34          **Liquor Enforcement**

36			(2.0)
	Positions		
	Personal Services		\$73,429
38	All Other		12,405
	Capital Expenditures		36,554
40	<b>TOTAL</b>		<u>\$122,388</u>

42           Provides funds for 2  
44           additional liquor enforcement  
46           officers, beginning July 1,  
48           1992, to perform the  
             necessary oversight of video  
             lottery terminal licensees.

50          **DEPARTMENT OF PUBLIC SAFETY**

2 TOTAL \$444,836

4 TOTAL APPROPRIATIONS \$444,836

6 Sec. XX-13. Allocation of funds. In order to provide for the  
8 necessary expenses of operation and administration of the  
10 Department of Finance, Bureau of the Lottery, Video Lottery  
Terminals, the following amounts, or as much as may be necessary,  
are allocated from the revenues derived from operations of the  
Video Lottery Fund.

12 1992-93

14 FINANCE, DEPARTMENT OF

16 Bureau of the Lottery -  
18 Video Lottery Terminals

20 Positions - Other Count (2.0)  
22 Personal Services \$64,553  
All Other 1,754,950

24 Provides funds for a project  
26 coordinator position  
effective October 1, 1991 and  
an Accountant II position  
28 effective July 1, 1992 to  
fulfill the mandated  
responsibilities of the  
30 lottery, as well as  
contracted telecommunications  
32 costs and cost of legal  
services provided by the  
34 Attorney General.

36 DEPARTMENT OF FINANCE  
TOTAL

\$1,819,503

38 Sec. XX-14. Allotments required. Upon receipt of allotments  
40 duly approved by the Governor, based upon work programs submitted  
to the State Budget Officer, the State Controller shall authorize  
42 expenditures from these allocations on the basis of these  
allotments and not otherwise.

44 Sec. XX-15. Adjustments to allocations. Allocations may be  
46 increased or adjusted by the State Budget Officer with the  
approval of the Governor to cover specifically those adjustments  
48 determined necessary under any salary plan approved by the  
Legislature, and those reclassifications or range changes that  
50 have been approved by the Department of Administrative and

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SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1547,  
L.D. 2185

2 Financial Services and submitted for legislative review prior to  
the effective date of this Act.'

4 Further amend the amendment by relettering the Parts to read  
consecutively.

6

8

**FISCAL NOTE**

10 This amendment will have no net effect on General Fund  
12 appropriations and revenues and will maintain a balanced General  
Fund budget for fiscal years 1991-92 and 1992-93.

14

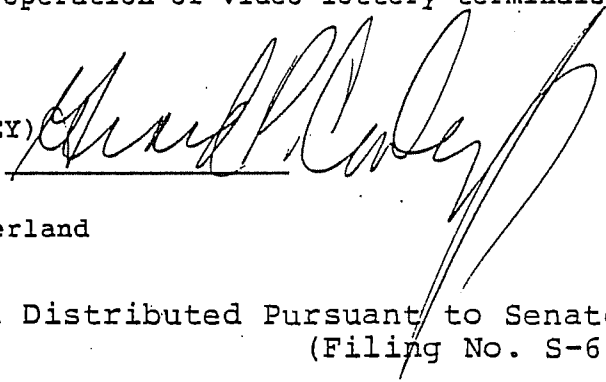
**STATEMENT OF FACT**

16

18 This amendment removes the provisions of the committee  
amendment "A" that defunded scheduled cost-of-living increases  
20 for state employees and adds a new Part to the amendment  
authorizing the operation of video lottery terminals.

22

24 (Senator CONLEY)  
SPONSORED BY:



26

COUNTY: Cumberland

28

Reproduced and Distributed Pursuant to Senate Rule 12.  
(3/24/92) (Filing No. S-684)