

MAINE STATE LEGISLATURE

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R. of S.

L.D. 925 .

(Filing No. H- 588)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925, Bill, "An Act to Authorize Video Gaming"

Amend the bill in section 7 in that part designated "§361." by inserting after subsection 7 the following:

'8. Gray area machine. "Gray area machine" means a machine that is similar to the type of video lottery terminal that has been legalized for gambling by the Chief of the State Police but in fact has not been licensed and authorized by the Chief of the State Police.'

Further amend the bill in section 7 in that part designated "§361." by renumbering the subsections to read consecutively.

Further amend the bill in section 7 in that part designated "§364." in subsection 2 in paragraph C in subparagraph (3) in the last line (page 6, line 2 in L.D.) by striking out the following: "and"

Further amend the bill in section 7 in that part designated "§364." in subsection 2 in paragraph C by inserting after subparagraph (3) the following:

'(4) The licensee is guilty of criminal conduct; and'

Further amend the bill in section 7 in that part designated "§371." in subsection 1 in the last line (page 7, line 48 in L.D.) by inserting after the following: "sold" the following: 'if the establishment is one of the following types of licensed establishments as defined in Title 28-A, section 2, subsection 15: club, hotel, incorporated civic organization or Class A lounge'

COMMITTEE AMENDMENT

2 Further amend the bill in section 7 in that part designated
"§371." in subsection 2 in paragraph C in the first line (page 8,
4 line 14 in L.D.) by striking out the following: "Has" and
inserting in its place the following: 'Has not been involved in
any criminal activity or has'

6
8 Further amend the bill in section 7 in that part designated
"§371." by striking out all of subsection 5 and inserting in its
10 place the following:

12 '5. Local approval of application for license. The Chief
of the State Police may not issue a license to operate a video
lottery terminal until the initial application for the license is
first approved by the municipal officers or the voters of the
municipality in which the applicant's premises are located or, if
the premises are located in an unincorporated place, until the
application is approved by the county commissioners of the county
in which the unincorporated place is located.

20 6. Hearing process. The municipal officers or, in the case
of an unincorporated place, the county commissioners of the
county in which the unincorporated place is located, may hold a
public hearing for the consideration of the applications for new
video lottery terminal licenses. The municipal officers or
county commissioners may hold a public hearing for the
consideration of requests for renewal of licenses.

28 A. The Chief of the State Police shall prepare and supply
application forms.

30
32 B. The municipal officers or the county commissioners shall
provide, at the applicant's prepaid expense, public notice
of a hearing held under this section by causing a notice
stating the time and place of hearing to appear at least 6
consecutive days before the date of the hearing in a daily
newspaper having general circulation in the municipality
where the premises are located or 2 consecutive weeks before
the date of the hearing in a weekly newspaper having general
circulation in the municipality where the premises are
located.

42 C. In granting or denying an application, the municipal
officers or the county commissioners shall indicate the
reasons for their decision and provide a copy to the
applicant.'

46
48 Further amend the bill in section 7 in that part designated
"§371." by renumbering the subsections to read consecutively.

50 Further amend the bill in section 7 in that part designated
"§372." in subsection 1. in the last line (page 10, line 42 in
52 L.D.) by inserting a new sentence to read: 'Language describing

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925

2 the odds of winning the game and warning of the danger of
3 compulsive gambling must also be prominently displayed on the
4 terminal.'

6 Further amend the bill in section 7 in that part designated
7 "§372." in subsection 2 in paragraph F in the 2nd and 3rd lines
8 (page 11, lines 19 and 20 in L.D.) by striking out the following:
9 "completion of each video game" and inserting in its place the
10 following: 'end of play'

12 Further amend the bill in section 7 in that part designated
13 "§372." in subsection 3 by inserting after the first sentence a
14 new sentence to read: 'A video lottery terminal may not accept
15 more than \$10 at a time.'

16 Further amend the bill in section 7 in that part designated
17 "§372." in subsection 5 in the 2nd line (page 12, line 10 in
18 L.D.) by inserting after the following: "section" the following:
19 'or any gray area machine'

20 Further amend the bill in section 7 in that part designated
21 "§373." in subsection 1 in the last line (page 12, line 34 in
22 L.D.) by inserting at the end a new sentence to read: 'Employees
23 of video lottery terminal distributors involved in distribution,
24 maintenance and service of video lottery terminals must meet the
25 qualifications set forth in section 371, subsection 2, paragraphs
26 C, D and E and section 371, subsection 4.'

28 Further amend the bill in section 7 in that part designated
29 "§373." by inserting after subsection 2 the following:

32 '3. Limitation on ownership. A partnership, corporation,
33 person, individual partner, shareholder of more than 5% of a
34 corporation or an immediate family member of a person, individual
35 partner or shareholder of more than 5% of a corporation may not
36 have ownership interests in more than one distributor. For the
37 purposes of this subsection, "immediate family" means a spouse,
38 child, parent, stepchild or stepparent.'

40 Further amend the bill in section 7 in that part designated
41 "§374." in subsection 1 in the 6th line (page 12, line 50 in
42 L.D.) by inserting after the following: "contain" the following:
43 ', but is not limited to,'

44 Further amend the bill in section 7 in that part designated
45 "§374." in subsection 3 in the 3rd line (page 14, line 35 in
46 L.D.) by inserting after the following: "examine" the following:
47 'all'

48 Further amend the bill in section 7 in that part designated
49 "§375." in subsection 1 in the last paragraph in the 5th line
50 (page 15, line 38 in L.D.) by striking out the following: ", but
51 not"

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925

not to exceed \$500" and in the last line (page 15, line 40 in L.D.) by striking out the following: "General Fund" and inserting in its place the following: 'Video Lottery Fund'

Further amend the bill in section 7 in that part designated "~~§376.~~" in subsection 1 by inserting after the first sentence a new sentence to read: 'The Chief of the State Police may suspend a license issued under this chapter for a period of up to 180 days.'

Further amend the bill in section 7 in that part designated "~~§376.~~" in subsection 1 in the 6th line (page 16, line 7 in L.D.) by inserting after the following: "renew" the following: 'or suspend'

Further amend the bill in section 7 in that part designated "~~§376.~~" in subsection 1 by adding at the end a new blocked paragraph to read:

'The Chief of the State Police may not suspend a license unless the Chief of the State Police receives a written statement made under oath from a law enforcement officer establishing probable cause for the suspension. The Chief of the State Police shall immediately notify the licensee in writing of the suspension and the date the suspension is to take effect. If the licensee wishes to have a hearing, the licensee must notify the Administrative Court in writing within 20 days of the date of the suspension. If a hearing is requested, the license remains suspended pending the outcome of the hearing.'

Further amend the bill in section 7 in that part designated "~~§383.~~" in subsection 5 by inserting at the end a new sentence to read: 'The State shall spend 5% of the state share of net terminal income for the treatment of compulsive gambling.'

Further amend the bill in section 7 in that part designated "~~§384.~~" in subsection 1 in the 5th line (page 18, line 22 in L.D.) by striking out the following: "~~section~~" and inserting in its place the following: 'sections 375 and'

Further amend the bill in section 7 in that part designated "~~§394.~~" in subsection 1 in paragraph A in the last line (page 20, line 22 in L.D.) by striking out the following: "~~or~~"

Further amend the bill in section 7 in that part designated "~~§394.~~" in subsection 1 in paragraph B in the last line (page 20, line 27 in L.D.) by striking out the following: "~~liquor.~~" and inserting in its place the following: 'liquor;'

Further amend the bill in section 7 in that part designated "~~§394.~~" in subsection 1 by inserting at the end the following:

2 'C. Extending credit to a person in order for the person to play a video lottery terminal;

4 D. Permitting a person to use a credit card as a method of payment for playing a video lottery terminal; or

6 E. Permitting a visibly intoxicated person to play a video lottery terminal.'

10 Further amend the bill in section 7 in that part designated
12 "§394." in subsection 2 in paragraph C in the last line (page 20,
14 line 41 in L.D.) by inserting after the following: "license" the following: 'or manufacturing, distributing, selling, operating or placing a gray area machine for use in this State'

16 Further amend the bill in section 7 by inserting at the end
18 the following:

20 '§395. Payment to the Attorney General

22 As provided in Title 5, section 203, the Bureau of the State Police shall pay the Attorney General from the Video Lottery Fund for legal services provided pursuant to this chapter.

24 §396. Implementation

26 A video lottery terminal may not be operated under this chapter before January 1, 1994.'

30 Further amend the bill by striking out all of section 11 and
32 inserting in its place the following:

34 **'Sec. 11. Working capital advances.** The State Controller is
36 authorized to advance from the General Fund Unappropriated Surplus the following amounts to be used for any necessary start-up 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: \$250,000 to the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations, Video Lottery Fund; and \$500,000 to the Department of Public Safety, Bureau of State Police. Funds advanced for this purpose must be returned to the General Fund Unappropriated Surplus from the first \$750,000 received by the State under Title 17, section 383 after the reductions for the Local Government Fund and for treatment of compulsive gambling required by Title 17, section 383, subsection 5.

48 **Sec. 12. Allocation of funds.** In order to provide for the
50 necessary expenses of operation and administration of the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations, Video Lottery
52

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925

Terminals, the following amounts, or as much as may be necessary, are allocated from the revenues derived from operations of the Video Lottery Fund.

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	1993-94	1994-95
ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF		
Bureau of Alcoholic Beverages and Lottery Operations - Video Lottery Terminals		
Positions - Other Count	(2.0)	(2.0)
Personal Services	\$45,850	\$71,010
All Other	775,262	3,281,948
Provides funds for a Project Coordinator position effective October 1, 1991 and an Accountant II position effective January 1, 1992 to fulfill the mandated responsibilities of the lottery, as well as contract telecommunications costs and legal services provided by the Attorney General.		
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES		
TOTAL	<u>\$821,112</u>	<u>\$3,352,958</u>
EXECUTIVE DEPARTMENT		
Office of Substance Abuse		
All Other	\$381,294	\$1,771,126
Provides funds for compulsive gambling programs equal to 5% of the state share of net machine revenue.		
EXECUTIVE DEPARTMENT		
TOTAL	<u>\$381,294</u>	<u>\$1,771,126</u>
PUBLIC SAFETY, DEPARTMENT OF		
Video Gaming Licensing and Enforcement Division		

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925

2	Positions - Other Count	(13.0)	(13.0)
	Personal Services	\$601,376	\$849,395
	All Other	140,840	169,086
4	Capital Expenditures	237,895	0
6	TOTAL	<u>\$980,111</u>	<u>\$1,018,481</u>

8 Provides funds for one
 10 Lieutenant position, 9
 12 Detective positions, one
 14 Sergeant position, one Clerk
 16 Typist II position and one
 18 Clerk Stenographer III
 20 position, effective October
 22 1, 1991, to perform the
 background check and
 licensing of video lottery
 terminal manufacturers,
 wholesalers, distributors and
 operators and for enforcement
 costs.

State Police

24	Personal Services	\$621,810	
26	All Other	15,546	
28	TOTAL	<u>\$637,356</u>	

30 Provides funds for overtime
 32 costs that will be incurred
 by the State Police as a
 34 result of the transfer of
 positions to video lottery
 terminal enforcement.

DEPARTMENT OF PUBLIC SAFETY

38	TOTAL	<u>\$1,617,467</u>	<u>\$1,018,481</u>
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TOTAL ALLOCATIONS

42		<u>\$2,819,873</u>	<u>\$6,142,565</u>
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44 **Sec. 13. Allocation.** The following funds are allocated from
 the Local Government Fund to carry out the purposes of this Act.

46 1994-95

TREASURER, OFFICE OF THE

State-Municipal Revenue Sharing

52	All Other		\$3,542,251
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COMMITTEE AMENDMENT

2 Provides for an additional
 4 allocation of funds to the
 6 state-municipal revenue
 8 sharing program resulting
 from the Local Government
 Fund's share of video lottery
 machine revenue.

FISCAL NOTE

	1993-94	1994-95
APPROPRIATIONS/ALLOCATIONS		
Other Funds	\$2,819,873	\$9,684,816
REVENUES		
General Fund	\$3,141,707	\$20,990,297
Other Funds	2,819,873	9,684,816

24 This bill will generate net additional General Fund revenues
 26 of \$3,141,707 in fiscal year 1993-94 and \$20,990,297 in fiscal
 year 1994-95. This bill also generates an additional \$3,542,251
 in fiscal year 1994-95 for the Local Government Fund.

28 Included in the revenue figures is a projected decrease in
 30 General Fund revenue from current lottery operations of
 \$2,851,300 and \$6,667,400 in fiscal years 1993-94 and 1994-95,
 32 respectively. Lottery revenue amounts are expected to recover
 slowly in subsequent years. These estimates also include General
 34 Fund revenue from license fees of \$1,187,000 and \$1,920,000 in
 fiscal years 1993-94 and 1994-95, respectively. In addition to
 36 these revenues, a substantial but undeterminable amount of
 additional income tax revenue will result from the amounts
 38 distributed to machine distributors and operators and the
 expanded employment opportunities.

40 Sales tax revenues may be affected both positively, with the
 42 sale or lease of up to 3,500 terminals, and negatively since the
 dollars spent on the video lottery may have been spent on other
 44 taxable purchases.

46 The bill authorizes working capital advances of \$250,000 to
 the Bureau of Alcoholic Beverages and Lottery Operations and
 48 \$500,000 to the Department of Public Safety from the General Fund
 Unappropriated Surplus. These advances must be repaid from the
 50 first \$750,000 collected by the State from video lottery machines.

2 This bill includes allocations from the Video Lottery Fund
to the Department of Public Safety for enforcement and licensing,
4 to the Bureau of Alcoholic Beverages and Lottery Operations for
administrative costs and to the Office of Substance Abuse for
6 compulsive gambling programs. An allocation from the Local
Government Fund to state-municipal revenue sharing also is
included.

8
10 This bill establishes Class C and Class D crimes for
violating various provisions of the bill. Sentences of more than
9 months for Class C crimes must be served in a state
12 correctional institution. The cost to the State per sentence is
\$42,050 based upon an average length of stay of one year and 9
14 months. The State also must reimburse counties for sentences
served in county jails of 9 months or less for this new crime
16 pursuant to the communities corrections laws.

18 Sentences imposed for Class D offenses must be served in a
county jail. The average cost per sentence for a Class D crime
20 is \$7,439 based upon an average length of stay of 119 days. The
additional costs to the counties for the housing of each offender
22 sentenced under this new crime will not require reimbursement by
the State.

24
26 The Judicial Department may require additional General Fund
appropriations to cover indigent defense costs related to these
new cases. The amounts can not be estimated at this time. The
28 additional workload and administrative costs associated with the
minimal number of new cases filed in the court system can be
30 absorbed within the budgeted resources of the Judicial
Department's administrative account. The collection of
32 additional fines may also increase General Fund revenues by a
minor amount.

36 STATEMENT OF FACT

38 The amendment defines "gray area machines."

40 The amendment allows the Chief of the State Police to direct
the Director of the Bureau of Alcoholic Beverages and Lottery
42 Operations to disable any video lottery terminal if the licensee
is guilty of criminal conduct.

44
46 The amendment clarifies what types of establishments may be
considered as applicants for video lottery terminal licenses.

48 The amendment clarifies that the qualifications for an
individual license include that the applicant has not been
50 involved in any criminal activity.

COMMITTEE AMENDMENT "A" to H.P. 683, L.D. 925

2 The amendment sets forth the local review and hearing
process for municipalities that must occur before the Chief of
the State Police may issue a license to an applicant.

4
6 The amendment requires that each lottery video terminal have
language describing the odds of winning the game and the dangers
of compulsive gambling displayed prominently on the terminal.

8
10 The amendment requires that video lottery terminals not
accept more than a \$10 bill at one time.

12 The amendment clarifies that gray area machines are
contraband, public nuisances and subject to confiscation by any
14 law enforcement officer.

16 The amendment requires that employees of distributors who
are involved in the distribution and maintenance of video lottery
18 terminals must meet a number of the qualifications that a person
eligible for a video lottery terminal license must meet.

20 The amendment clarifies that a partnership, corporation,
22 person, individual partner, shareholder of more than 5% of a
corporation or an immediate family member of a person, individual
24 partner or shareholder of more than 5% of a corporation may not
have ownership interests in more than one distributor.

26
28 The amendment requires that licensing fees be paid to the
Video Lottery Fund.

30 The amendment allows the Chief of the State Police to
suspend a video lottery terminal license for no more than 180
32 days. The amendment also provides that the Chief of the State
Police may not suspend a license unless the chief receives a
34 written statement made under oath by a law enforcement officer
establishing probable cause for the suspension. The chief shall
36 immediately notify the licensee in writing of the suspension and
the date the suspension is to take effect. If the licensee
38 wishes to have a hearing, the licensee must notify the
Administrative Court in writing within 20 days of the date of the
40 suspension. If a hearing is requested, the license remains
suspended pending the outcome of the hearing.

42
44 The amendment requires that 5% of the State's percentage of
proceeds from video gambling must be spent on treatment of
compulsive gambling.

46
48 The amendment adds 3 new Class D crimes that a licensee may
commit: extending credit to a person in order for the person to
play a video lottery terminal; permitting a person to use a
50 credit card as a method of payment for playing a video lottery
terminal; and permitting a visibly intoxicated person to play a
52 video lottery terminal.

