

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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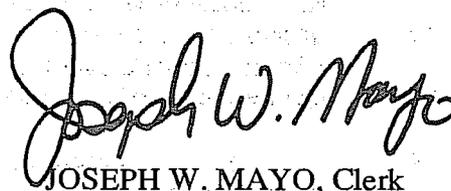
No. 1001

H.P. 743

House of Representatives, March 23, 1993

An Act to Enhance the Revenue of Agricultural Fairs and Commercial Racetracks.

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


JOSEPH W. MAYO, Clerk

Presented by Representative TARDY of Palmyra.
Cosponsored by Representatives: AHEARNE of Madawaska, DUTREMBLE of Biddeford,
HUSSEY of Milo, KERR of Old Orchard Beach, VIGUE of Winslow, Senator: BRANNIGAN
of Cumberland.

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

2
3 Sec. 1. 8 MRSA c. 13-A is enacted to read:

4
5 CHAPTER 13-A

6
7 ELECTRONIC VIDEO CREDIT MACHINES

8
9 §343. Definitions

10
11 As used in this chapter, unless the context otherwise
12 indicates, the following terms have the following meanings.

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

20
21 2. Commission. "Commission" means the State Harness Racing
22 Commission.

24 3. Electronic video credit machine. "Electronic video
25 credit machine" means a machine that, upon insertion of coin or
26 currency, is available to play or simulate the play of a video
27 game authorized by the commission, including, but not limited to,
28 poker, keno and blackjack using a video display and
29 microprocessor in which by chance the player may receive free
30 games or credits that may be redeemed for cash. "Electronic
31 video credit machine" does not include a machine that directly
32 dispenses coins, cash or tokens.

34 4. Electronic video credit machine distributor.
35 "Electronic video credit machine distributor" means a person who
36 owns electronic video credit machines and who distributes or
37 places electronic video credit machines or associated equipment
38 for use in this State.

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

44
45 6. Electronic video credit machine wholesaler. "Electronic
46 video credit machine wholesaler" means a person who sells
47 electronic video credit machines or associated equipment for
48 distribution in this State.

50 7. Licensee. "Licensee" means a person licensed by the
commission to operate an electronic video credit machine.

2 8. Net machine income. "Net machine income" means money
4 inserted into an electronic video credit machine minus credits
 paid out in cash.

6 9. Operate. "Operate" means to offer for public use.

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

14 11. Person. "Person" means an individual, corporation,
 association or partnership.

16 12. Uniform location agreement. "Uniform location
18 agreement" means a written agreement between a licensee and an
 electronic video credit machine distributor that governs the
20 terms and conditions of the placement of electronic video credit
 machines on the premises of the licensee and that is on a form
22 developed by the commission.

24 §343-A. License required

26 A person may not manufacture, distribute, sell, operate or
 place an electronic video credit machine for use in this State
28 unless the person is licensed to do so by the commission. A
 person may not operate an electronic video credit machine in this
30 State unless the machine is licensed by the commission.

32 §344. License to operate

34 1. Eligible persons. The commission may issue a license to
 operate an electronic video credit machine to an agricultural
36 fair association or commercial racetrack including off-track
 betting sites licensed to hold a harness horse race meet during
38 the race meet.

40 §344-A. Licensing of machines

42 1. Requirements for license. To be licensed, an electronic
 video credit machine:

44 A. May only offer games permitted by the commission;

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

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

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

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 in 24-hour format showing hours and
18 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 for each video game that includes, but
24 is not limited to, the following: total cash inserted into
26 the machine, the value of winning tickets claimed by
players, the total video credits played, the total video
credits awarded by the game and the playback percentage
credited to players; and

28 H. Must be linked under a central communications system
30 developed under section 347 to provide auditing program
information.

32 2. Display of license. The machine license must be
34 prominently displayed on the machine.

36 3. Amount of play; payback value. An electronic video
38 credit machine may be played for a minimum of 25¢ and a maximum
40 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.

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

2 actual costs. The commission may contract for the examinations
3 of video machines and associated equipment as required by this
4 section.

5 5. Unlicensed machine subject to confiscation. A machine
6 that is not licensed as required by this section is contraband
7 and a public nuisance and is subject to confiscation by a law
8 enforcement officer.

10 **§345. Licensing of manufacturer, distributor or wholesaler**

12 1. Qualifications. To be licensed as an electronic video
13 credit machine manufacturer, distributor or wholesaler, a person
14 must meet the following qualifications.

16 A. A video machine distributor must be a resident of the
17 State for at least 2 years before application and at least
18 50% of the ownership interest in the distributor must be
19 held by individuals who have been residents of the State for
20 at least 2 years before application.

22 B. An individual applying to be a licensee, or a partner of
23 a partnership, or an officer, director or holder of more
24 than 10% of the ownership interest of a corporation or
25 association applying for a license as a manufacturer,
26 distributor or wholesaler must submit to a background
27 investigation by the commission to verify the applicant's
28 compliance with the requirements of section 344.

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

36 **§345-A. Applications**

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

48 2. Notification of municipal officers. An applicant for a
49 license to operate an electronic video credit machine must send a
50 license to operate an electronic video credit machine must send a

2 copy of the application to the officers of the municipality in
4 which the machine will be operated. The applicant must certify
6 in the application that the notice has been sent and must list
8 the names and addresses of the persons to whom the notice was
10 sent.

12 **§346. Fees; term of license; transferability**

14 **1. Fees.** The annual fee for a license required by this
16 chapter is as follows.

18 **A.** A license for an electronic video credit machine
20 manufacturer is \$5,000.

22 **B.** A license for an electronic video credit machine
24 wholesaler is \$5,000.

26 **C.** A license for an electronic video credit machine
28 distributor is \$1,000.

30 **D.** A license to operate an electronic video credit machine
32 is \$100 per machine.

34 In addition to the annual license fee, the commission may charge
36 a one-time application fee in an amount equal to the actual costs
38 of processing the application and performing a background
40 investigation, but not to exceed \$500. All fees collected
42 pursuant to this section must be deposited directly to the
44 General Fund.

46 **2. Term of license.** All licenses issued by the commission
48 under this chapter are effective for one year and are renewable
50 annually, unless revoked pursuant to section 346-A.

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

§346-A. Actions related to licenses

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

1. False statement. 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;

2. Violation. The person or the person's agent violated
this chapter or a rule adopted by the commission under section
347; or

2 3. Conviction for crime. The person has been convicted of
4 a crime under this chapter, chapter 14-A or Title 17-A, chapter
6 39 or has been convicted within the prior 10 years of a crime for
 which imprisonment for more than one year may be imposed.

8 §347. Powers and duties of commission

10 1. Powers. The commission may:

12 A. Regulate, supervise and exercise general control over
 the operation of electronic video credit machines;

14 B. Investigate the direct or indirect ownership or control
 of a licensee; and

16 C. Adopt rules necessary to administer and enforce this
18 chapter.

20 2. Duties. The commission shall:

22 A. Investigate or cause to be investigated all complaints
24 made to the commission and all violations of this chapter 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
 implementing the necessary program modifications to
 communicate or the inability to communicate with the central
 communications system; and

36 C. Adopt rules to prevent undesirable conduct related to
38 the operation of electronic video credit machines,
40 including, but not limited to, the following:

42 (1) Practice of fraud or deception upon a player of an
44 electronic video credit machine;

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

(3) Obscene advertising;

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

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

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

8 (7) Use of the word "casino" to describe an electronic
9 video credit machine licensed under this chapter or as
10 the name or a part of the name of the premises or a
11 portion of the premises where the electronic video
12 credit machine is located.

14 **§347-A. Limits on machine play**

16 1. Hours of play. A licensee may permit a person to play
17 an electronic video credit machine only from 12:00 p.m. to 11:30
18 p.m. on allocated race dates.

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

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

28 **§348. Reports; records**

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

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

46 3. Location. All records maintained by a licensee must be
47 maintained on the premises where the electronic video credit
48 machine is operated or at the primary business office of the
49 licensee. The primary business office must be designated by the
50 licensee.

2 licensee to the commission or its representative and a licensee
3 may not refuse the commission or its representative the right to
4 inspect or audit the records. Refusal to permit inspection or
5 audit of the records is not a crime under this chapter, but does
6 constitute grounds for revocation of the license.

7 4. Required reports. The commission shall require from a
8 license distributor, manufacturer, wholesaler or licensee
9 whatever reports the commission considers necessary for the
10 administration and enforcement of this chapter.

11 **§348-A. Reporting and allocation of net machine income**

12
13 1. Records. A licensee shall keep a record of net machine
14 income in the form required by the commission.

15
16 2. Allocation of net machine income. Net machine income
17 must be allocated among the State, the licensee, the Horsemen's
18 Purse Account and the Sire Stakes Fund as follows.

19
20 A. For 1993 and 1994:

21
22 (1) Fifteen percent of net machine income must be
23 allocated to the General Fund;

24
25 (2) Fifty-five percent of net machine income must be
26 allocated to the racetrack licensee;

27
28 (3) Fifteen percent of net machine income must be
29 allocated to the Horsemen's Purse Account at the track
30 where the machine is located; and

31
32 (4) Fifteen percent of net machine income must be
33 allocated to the Sire Stakes Fund.

34
35 B. For 1995 and subsequent years:

36
37 (1) Twenty percent of net machine income must be
38 allocated to the General Fund;

39
40 (2) Forty percent of net machine income must be
41 allocated to the racetrack licensee;

42
43 (3) Twenty percent of net machine income must be
44 allocated to the Horsemen's Purse Account at the track
45 where the machine is located; and

46
47 (4) Twenty percent of net machine income must be
48 allocated to the Sire Stakes Fund.

49
50

2 3. Use of state share. The Treasurer of State shall
3 transfer annually to the Local Government Fund created in Title
4 30-A, section 5681 an amount equal to 25% of the state share of
5 net machine income derived from electronic video credit machines
6 during the preceding 12-month period.

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

13 5. False report or failure to report. A licensee who
14 falsely reports or fails to report the amount due as required by
15 this section commits a Class C crime and the license of that
16 person may be revoked by the commission.

17 6. Late payments. All payments not remitted when due must
18 be paid together with a penalty assessment on the unpaid balance
19 at a rate of 1 1/2% per month.

20 §349. Access to premises

21 A licensee or a person making application to the commission
22 to operate an electronic video credit machine shall permit the
23 commission or its authorized representative to inspect equipment,
24 prizes, records or items and materials used or to be used in the
25 operation of the machine.

26 §349-A. Violations

27 1. Crimes by any person. A person who performs any of the
28 following acts commits a Class C crime:

29 A. Tampering with an electronic video credit machine with
30 intent to interfere with the proper operation of that
31 machine; or

32 B. Manipulating or intending to manipulate the outcome,
33 payoff or operation of a video machine by physical tampering
34 or other means.

35 2. Crimes by licensees. A licensee commits a Class D crime
36 if that licensee permits:

37 A. A person under 21 years of age to play an electronic
38 video credit machine licensed pursuant to this chapter; or

2 B. A person to play an electronic video credit machine
4 licensed pursuant to this chapter at a time other than
6 during the legal hours for the on-premises consumption of
8 liquor.

STATEMENT OF FACT

10 This bill authorizes the State Harness Racing Commission to
12 regulate coin-operated electronic video credit machines that
14 award credits redeemable for cash. Machines may be placed in
16 establishments at pari-mutuel tracks. Machines accept coins or
bills, with a maximum play of \$2 per game. Maximum payoff is
\$1,000. Machines are required to pay out in credits at least 80%
of the total amount played. Approved games include poker, keno
and blackjack.

18 Machines are linked by telephone line to a central computer
20 of the State Harness Racing Commission for reporting revenue,
other data and malfunctions.

22 The Treasurer of State receives a share of the net income
24 from the machines after payout of prizes. The State's share
26 begins at 15% and increases to 20%. Twenty-five percent of the
state money is used to increase the funds available for municipal
revenue sharing.

28 Manufacturers and operators of the machines are required to
30 be licensed by the State Harness Racing Commission. Applicants
for licenses are subject to background investigations.