

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 400

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H.P. 296

House of Representatives, February 6, 1995

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**An Act to Authorize Video Gaming.**

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative DiPIETRO of South Portland.  
Cosponsored by Representatives: CAMERON of Rumford, FARNUM of South Berwick,  
FISHER of Brewer, KEANE of Old Town, MURPHY of Berwick, VIGUE of Winslow.

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

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**Sec. 1. 8 MRSA §372, sub-§2, ¶I**, as repealed and replaced by PL 1993, c. 349, §23, is amended to read: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; and

**Sec. 2. 8 MRSA §372, sub-§2, ¶J**, as enacted by PL 1991, c. 780, Pt. Y, §112, is amended to read:

J. Assign duties as necessary to a designee; and

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

K. Carry out the duties assigned to the director under Title 17, chapter 16, including development and maintenance of a central computer system to monitor licensed video lottery terminals and coordinating and cooperating with the Chief of the State Police in implementing and enforcing that chapter.

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

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

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

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

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

2           Sec. 6. 17 MRSA §348 is enacted to read:

4    **§348. Applicability**

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

10           Sec. 7. 17 MRSA c. 16 is enacted to read:

12                           **CHAPTER 16**

14                           **VIDEO LOTTERY TERMINALS**

16                           **SUBCHAPTER I**

18                           **GENERAL PROVISIONS**

20    **§361. Definitions**

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

26           1. Associated equipment. "Associated equipment" means any  
28           proprietary device, machine or part used in the manufacture or  
30           maintenance of a video lottery terminal, including but not  
32           limited to integrated circuit chips, printed wired assemblies,  
34           printed wired boards, printing mechanisms, video display monitors  
36           and metering devices.

38           2. Director. "Director" means the Director of the Bureau  
40           of Alcoholic Beverages and Lottery Operations in the Department  
42           of Administrative and Financial Services.

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

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

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

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

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

4           **8. Gray area machine.** "Gray area machine" means a machine  
that is similar to the type of video lottery terminal that has  
6           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  
8           State Police.

10          **9. Licensee.** "Licensee" means a person licensed by the  
Chief of the State Police to operate a video lottery terminal.

12          **10. Net terminal income.** "Net terminal income" means money  
14          inserted into a video lottery terminal minus credits paid out in  
cash.

16          **11. Operate.** "Operate" means to offer for public use.

18          **12. Payback value.** "Payback value" means the value of  
20          credits granted to players by a video lottery terminal compared  
to the value of money inserted into the terminal by players,  
22          calculated on an annual basis.

24          **13. Person.** "Person" means an individual, corporation,  
association or partnership.

26          **14. Reckless or negligent conduct.** "Reckless or negligent  
28          conduct" means that the applicant, either consciously  
disregarding or failing to be aware of a risk that the  
30          applicant's conduct would cause such a result, engaged in conduct  
that in fact created a substantial risk of death, serious bodily  
32          injury or bodily injury to another human being and the  
applicant's disregard or failure to be aware of that risk, when  
34          viewed in light of the nature and purpose of the applicant's  
conduct and the circumstances known to the applicant, involved a  
36          deviation from the standard of conduct that a reasonable and  
prudent person would observe in the same situation.

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

46          **16. Video lottery terminal.** "Video lottery terminal" means  
48          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,  
50          keno, blackjack and line games utilizing a video display and

2 microprocessor in which by chance the player may receive free  
3 games or credits that may be redeemed for cash. "Video lottery  
4 terminal" does not include a machine that directly dispenses  
5 coins, cash or tokens.

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

10 18. Video lottery terminal manufacturer. "Video lottery  
11 terminal manufacturer" means a person who assembles or produces  
12 video lottery terminals or associated equipment for sale or use  
13 in this State.

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

17 **§362. License required**

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

24 **§363. Administration and enforcement**

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

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

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

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

33 B. Investigate the direct or indirect ownership or control  
34 of any licensee;

35 C. Adopt rules necessary to administer and enforce this  
36 chapter, including the power to jointly adopt rules with the  
37 State Liquor and Lottery Commission;

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

5 E. Approve or disapprove terms and conditions of uniform  
6 local agreements.

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

8 A. Investigate or cause to be investigated all complaints  
9 made to the State Police and all violations of this chapter  
10 or the rules adopted under this chapter;

11 B. Adopt rules to prevent undesirable conduct relating to  
12 the operation of video lottery terminals, including the  
13 following:

14 (1) The practice of any fraud or deception upon a  
15 player of a video lottery terminal;

16 (2) The presence of a video lottery terminal in or at  
17 premises that may be unsafe due to fire hazard or other  
18 such conditions;

19 (3) The use of obscene advertising;

20 (4) The solicitation on a public way of persons to  
21 play video lottery terminals;

22 (5) The infiltration of organized crime into the  
23 operation of video lottery terminals or into the  
24 distribution of the terminals;

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

27 (7) The use of the word "casino" to describe any video  
28 lottery terminal licensed under this chapter or as the  
29 name or any part of the name of the licensed premises  
30 or of a portion of the premises where the video lottery  
31 terminal is located;

32 C. Direct the director to disable any video lottery  
33 terminal if the Chief of the State Police has reason to  
34 believe that:

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

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

6           (3) The terminal does not meet the licensure  
7           requirements of this chapter; or

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

10          D. In accordance with the Maine Administrative Procedure  
11          Act, develop industry standards for uniform location  
12          agreements to be used as the basis of agreements between  
13          distributors and licensees.

14          **§365. Powers and duties of director**

16          1. Powers. In addition to powers conferred by any other  
17          provision of law, the director may:

20           A. Propose to the State Liquor and Lottery Commission for  
21           adoption rules necessary to administer and enforce this  
22           chapter, including rules to be adopted jointly with the  
23           Chief of the State Police; and

24           B. Subject to approval of the State Liquor and Lottery  
25           Commission and to any applicable laws relating to public  
26           contracts, enter into a contract for performance of the  
27           director's duties under this chapter. All contracts must be  
28           awarded in accordance with rules adopted by the Department  
29           of Administrative and Financial Services pursuant to Title  
30           5, chapters 141 to 145 and Title 5, sections 1812 and 1813.  
31           A contract awarded or entered into by the director may not  
32           be assigned by the holder of the contract, except by  
33           specific approval of the commission.

36          2. Duties. The director shall:

38           A. Develop, install and test an on-line real-time central  
39           computer system with continuous polling to all licensed  
40           video lottery terminal locations and terminals to provide  
41           auditing program information. The communications system may  
42           not limit participation to only one manufacturer of video  
43           lottery terminals by either the cost in implementing the  
44           necessary program modifications to communicate or the  
45           inability to communicate with the central communications  
46           system;

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

50

2 C. Attempt to determine the cause of any video lottery  
3 terminal malfunction detected by the central computer system  
4 and notify the Chief of the State Police of any suspected  
5 tampering with a video lottery terminal or any other  
6 violation of this chapter or the rules adopted under this  
7 chapter;

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

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

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

16 G. Certify monthly to the Treasurer of State, the State  
17 Liquor and Lottery Commission and the Commissioner of  
18 Administrative and Financial Services a full and complete  
19 statement of all video lottery terminal revenue, credits  
20 disbursed by licensees, administrative expenses and the  
21 allocation of net terminal income for the preceding month;  
22

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

29 I. Prepare and submit to the Commissioner of Administrative  
30 and Financial Services a budget for the program's  
31 administration; and

32 J. Cooperate with the Chief of the State Police in  
33 implementing and enforcing the provisions of this chapter.

34 **§366. Applicability of chapter 14**

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

37 **SUBCHAPTER II**

38 **LICENSING**

39 **§371. License to operate**

2 1. Eligible persons. The Chief of the State Police may  
3 issue a license to operate a video lottery terminal to a person  
4 licensed to sell liquor for consumption on the premises where  
5 sold, if the establishment is one of the following types of  
6 licensed establishments as defined in Title 28-A, section 2,  
7 subsection 15; club, hotel, incorporated civic organization or  
8 Class A lounge.

9  
10 2. Qualifications for individual license. An individual  
11 may be issued a license to operate a video lottery terminal if  
12 the individual is eligible for a license under subsection 1 and  
13 the individual:

14 A. Is of good moral character, determined pursuant to  
15 subsection 4;

16  
17 B. Is current in payment of all taxes, interest and  
18 penalties owed to the State or to a municipality, excluding  
19 items under formal dispute or appeal pursuant to applicable  
20 statutes or ordinances;

21  
22 C. Has not been involved in any criminal activity or been  
23 convicted of a crime punishable by one year or more of  
24 imprisonment in any jurisdiction unless at least 10 years  
25 have passed since satisfactory completion of the sentence or  
26 probation imposed by the court for the crime;

27  
28 D. Has not been convicted of a violation of this chapter or  
29 chapter 14;

30  
31 E. Is not a fugitive from justice, a drug abuser, a drug  
32 addict, a drug-dependent person, an illegal alien or a  
33 person who was dishonorably discharged from the military  
34 forces within 5 years prior to the date of application;

35  
36 F. Has completed the application form and complied with the  
37 requirements of section 374;

38  
39 G. Has sufficient financial assets to meet the financial  
40 obligations imposed by this chapter and a method acceptable  
41 to the Chief of the State Police for meeting those  
42 obligations; and

43  
44 H. Has not knowingly made a false statement of material  
45 fact to the Chief of the State Police in applying for a  
46 license under this chapter or chapter 14.

47  
48 3. Qualifications for partnership, corporation or  
49 association license. A partnership may be licensed to operate a  
50 video lottery terminal if the partnership is eligible for a

2 license under subsection 1 and the partnership was organized in  
3 this State, the partnership meets the qualifications of  
4 subsection 2, paragraphs B to G and each partner of the  
5 partnership meets all the requirements of subsection 2. A  
6 corporation or association may be licensed to operate a video  
7 lottery terminal if the association or corporation is eligible  
8 for a license under subsection 1 and the corporation or  
9 association was organized in this State, the corporation or  
10 association meets the qualifications of subsection 2, paragraphs  
11 B to G and each officer, director and owner of any interest of  
12 the corporation or association meets all the requirements of  
13 subsection 2.

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

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

24 B. Information of record relative to convictions of the  
25 applicant for crimes punishable by imprisonment for less  
26 than one year or adjudications of the applicant for juvenile  
27 offenses involving conduct that, if committed by an adult,  
28 is punishable by imprisonment for less than one year;

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

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

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

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

48 **6. Hearing process.** The municipal officers or, in the case  
49 of an unincorporated place, the county commissioners of the  
50 county in which the unincorporated place is located, may hold a

2 public hearing for the consideration of the applications for new  
3 video lottery terminal licenses. The municipal officers or  
4 county commissioners may hold a public hearing for the  
5 consideration of requests for renewal of licenses.

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

8  
9 B. The municipal officers or the county commissioners shall  
10 provide, at the applicant's prepaid expense, public notice  
11 of a hearing held under this section by causing a notice  
12 stating the time and place of hearing to appear at least 6  
13 consecutive days before the date of the hearing in a daily  
14 newspaper having general circulation in the municipality  
15 where the premises are located or 2 consecutive weeks before  
16 the date of the hearing in a weekly newspaper having general  
17 circulation in the municipality where the premises are  
18 located.

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

23  
24 **7. Placement of terminals.** No more than 3 video lottery  
25 terminals may be placed on the premises of a licensee. A  
26 terminal may not be placed in any location other than the  
27 premises of the licensee. A terminal must be placed in an area  
28 of the premises separated by a physical barrier from any part of  
29 the premises not dedicated to the operation of video lottery  
30 terminals. This area must be clearly labelled as an area that  
31 persons under the age of 21 may not enter. The area must be  
32 located and designed to permit the licensee or an agent of the  
33 licensee to see and control the area at all times to ensure  
34 compliance with the provisions of this chapter.

35  
36 **8. Uniform location agreement.** Each video lottery terminal  
37 must be subject to a uniform location agreement between the  
38 distributor and the licensee. A copy of the agreement must be  
39 submitted to the Chief of the State Police. The Chief of the  
40 State Police may approve or disapprove any uniform location  
41 agreement. If the uniform location agreement is disapproved, the  
42 Chief of the State Police must provide written reasons for the  
43 denial. The uniform location agreement is the complete and sole  
44 agreement between the licensee and the distributor regarding  
45 video lottery terminals. No other agreement between the licensee  
46 and the distributor is legally binding.

47  
48 **9. Appeal to commissioner.** Any distributor or licensee  
49 denied approval of a uniform location agreement may appeal the  
50 decision.

2 decision of the Chief of the State Police to the Commissioner of  
3 Public Safety. The commissioner shall hold a hearing to include  
4 the distributor, the licensee and the Chief of the State Police  
5 or the chief's designee prior to rendering a decision on the  
6 appeal. The commissioner shall render a decision within 30 days  
7 of the hearing.

8 **10. Disclosure of other contracts and agreements.** A  
9 distributor shall disclose to the Chief of the State Police any  
10 other contracts or agreements that the distributor or a  
11 subsidiary of the distributor has made with a licensee.  
12

13 **11. Incentives prohibited.** A distributor may not offer an  
14 incentive to a licensee to accept placement of a video lottery  
15 terminal on the premises of the licensee and a licensee may not  
16 solicit such an incentive. For purposes of this subsection,  
17 "incentive" means any consideration, including a premium or bonus  
18 in cash, an advance payment of the licensee's share of net  
19 terminal income or merchandise. "Incentive" does not include the  
20 licensee's share of net terminal income provided for in section  
21 383. A person who violates this subsection is guilty of a Class  
22 C crime and that person's license, if any, is revoked and the  
23 right to apply for a license under this chapter is precluded.  
24

### 25 **§372. Licensing of terminals**

26 **1. License required.** A video lottery terminal may not be  
27 placed for public use or operated in this State unless the  
28 terminal is licensed by the Chief of the State Police. The  
29 terminal license must be prominently displayed on the terminal.  
30 Language describing the odds of winning the game and warning of  
31 the danger of compulsive gambling must also be prominently  
32 displayed on the terminal.  
33

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

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

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

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

43 **D. Must be designed to suspend operation until reset if a**  
44 **person attempts, by physical or other tampering, to obtain**  
45 **credits without paying;**  
46  
47  
48  
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2           E. Must have nonresettable meters housed in a readily  
4           accessible locked terminal area that keep a permanent record  
6           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;

8           F. Must be capable of printing a ticket voucher stating the  
10          value of the credits for the player at the end of play; the  
12          time of day in 24-hour format showing hours and minutes; the  
14          date; the terminal's serial number; the sequential number of  
            the ticket vouchers; and an encrypted validation number from  
            which the validity of the credits may be determined;

16          G. Must have accounting software that keeps an electronic  
18          record of information that includes, but is not limited to,  
20          the following: total cash inserted into the terminal; total  
22          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

24          H. Must be linked to the on-line central communications  
26          system developed under section 365 to provide continuous  
            auditing program information.

28          3. Amount of play; payback value. A video lottery terminal  
30          may be played for a minimum of 25¢ and a maximum of \$2 in a  
32          single game. A video lottery terminal may not accept more than  
            \$10 at a time. 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%.

34          4. Examination of prototypes. The Chief of the State  
36          Police and the Attorney General shall examine prototypes of video  
38          lottery terminals and associated equipment of manufacturers  
40          seeking a license as required in this chapter. The Chief of the  
42          State Police shall require the manufacturer seeking the  
44          examination and approval of the video lottery terminal or  
46          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.

48          5. Unlicensed terminal subject to confiscation. A terminal  
50          that is not licensed as required by this section or a gray area

2 machine is contraband and a public nuisance and is subject to  
3 confiscation by any law enforcement officer.

4 6. Ownership of terminals. A person may not place or  
5 operate a video lottery terminal for public use in this State if  
6 the terminal is owned by a person other than a video lottery  
7 terminal distributor licensed under this chapter. A video  
8 lottery terminal distributor may not own more than 400 video  
9 lottery terminals licensed in this State or more than 15% of the  
10 total number of video lottery terminals licensed in this State,  
11 whichever is greater.

12 **§373. Licensing of manufacturer, distributor, wholesaler**

13  
14  
15 1. Qualifications. To be licensed as a video lottery  
16 terminal manufacturer, distributor or wholesaler, a person must  
17 meet the qualifications set forth in section 371, excluding  
18 subsection 1. Any individual applying for a license, any partner  
19 of a partnership or any officer, director or holder of any  
20 ownership interest of a corporation or association applying for a  
21 license as a manufacturer, distributor or wholesaler must submit  
22 to a background investigation by the Chief of the State Police to  
23 verify the applicant's compliance with the requirements of  
24 section 371, excluding subsection 1. Employees of video lottery  
25 terminal distributors involved in distribution, maintenance and  
26 service of video lottery terminals must meet the qualifications  
27 set forth in section 371, subsection 2, paragraphs C, D and E and  
28 section 371, subsection 4.

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

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

43 **§374. Applications**

44  
45 1. Form. An application for a license required under this  
46 chapter must be on the form provided by the Chief of the State  
47 Police. The application must be signed by the individual  
48 applicant or by a duly authorized officer of the partnership,  
49  
50

2 corporation or association applying for the license. The  
3 application must contain, but is not limited to, the following  
4 information regarding the individual applicant and each officer,  
5 director, partner or owner of any interest in a corporation,  
6 partnership or association applying for a license:

7 A. Full name;

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

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

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

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

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

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

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

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

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

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

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

35 (9) "Have you been convicted within the past 5 years  
36 of crimes punishable by imprisonment of less than one  
37 year?"

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

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

12                   **2. Signature as certification.** The applicant, by affixing  
14                   the applicant's signature to the application, certifies the  
                    following:

16                   A. That the statements made in the application and any  
18                   documents made a part of the application are true and  
                    correct;

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

24                   C. That the applicant understands that the answers to  
26                   questions in subsection 1, paragraph D are used by the Chief  
28                   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  
                    issue a license; and

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

36                   **3. Consent to review records.** At the request of the Chief  
38                   of the State Police, the applicant shall take whatever action is  
40                   necessary to permit the Chief of the State Police to examine all  
42                   accounts and records in the applicant's possession, under the  
44                   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  
                    examine the accounts and records as the Chief of the State Police  
                    determines necessary to ascertain:

46                   A. Whether the information supplied on the application or  
48                   any documents made a part of the application is true and  
                    correct;

2           B. Whether each of the requirements of this section has  
3           been met; or

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

6  
7           The required consent includes taking whatever action is necessary  
8           to permit the Chief of the State Police or a designee to have  
9           access to confidential records held by banks, the courts, law  
10           enforcement agencies and the military for the purposes stated in  
11           this subsection.

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

19           §375. Fees; term of license; transferability

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

23           A. A license for a video lottery terminal manufacturer is  
24           \$5,000;

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

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

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

31  
32           In addition to the annual license fee, the Chief of the State  
33           Police may charge a one-time application fee for a license  
34           described in paragraph A, B or C in an amount equal to the actual  
35           cost of processing the application and performing any background  
36           investigations. All fees collected pursuant to this section must  
37           be deposited directly to the Video Lottery Fund.

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

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



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

6           2. Age of player. A licensee may not permit a person under  
8           21 years of age to play a video lottery terminal.

10          3. Time and money limits imposed by licensee. A licensee  
12          may impose a daily limit on the amount of time or money spent by  
          an individual playing the video lottery terminals on the  
          licensee's premises.

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

16          A licensee shall redeem credits for players who earn credits  
18          on terminals located on the premises of that licensee, in  
20          accordance with rules adopted jointly by the Chief of the State  
22          Police and the director. If a person receives a credit  
24          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.

26          **§383. Allocation of funds**

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

32          2. Allocation of net terminal income. For the fiscal year  
34          ending June 30, 1996, the distributor shall allocate 40% of the  
36          net terminal income to the State, 22.5% of the net terminal  
38          income to the licensee on whose premises the terminal is located  
40          and 37.5% of the net terminal income to the distributor. For the  
42          fiscal years beginning on or after July 1, 1997, the distributor  
          shall allocate 45% of the net terminal income to the State, 25%  
          of the net terminal income to the licensee on whose premises the  
          terminal is located and 30% of the net terminal income to the  
          distributor.

44          3. Priority of payment to State. If funds collected from a  
46          video lottery terminal are not sufficient to pay the amounts due  
48          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.

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

26      5. Use of state share. At the end of each fiscal year  
28      beginning after June 30, 1996, the Treasurer of State shall  
30      transfer to the Local Government Fund, created in Title 30-A,  
32      section 5681, an amount equal to 10% of the state share of net  
34      terminal income derived from video lottery terminals during that  
36      fiscal year, net of state administrative costs. The State shall  
38      spend 5% of the state share of net terminal income for the  
40      treatment of compulsive gambling.

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

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

#### 60      §384. Video Lottery Fund

62      1. Fund created. There is created and established a  
64      separate fund to be known as the Video Lottery Fund and to be  
66      deposited in such depositories as the Treasurer of State may  
68      select. The fund consists of all revenue payable to the State  
70      pursuant to sections 375 and 383 and all other money credited or  
72      transferred to the fund from any other fund or source pursuant to  
74      law.

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

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



2 inspection or audit of the records is not a crime under this  
3 chapter, but does constitute grounds for revocation of the  
4 license.

6 **§392. Access to premises, equipment, records**

8 A person holding a license under this chapter shall permit  
9 the Chief of the State Police or the chief's designee to inspect  
10 any equipment, prizes, records or items and materials used or to  
11 be used in the operation of any video lottery terminal  
12 manufactured, owned, distributed or operated by that person. A  
13 person holding a license under this chapter shall consent in  
14 writing to the examination of all accounts, bank accounts and  
15 records in the license holder's possession or under the license  
16 holder's control and shall authorize all 3rd parties in  
17 possession or in control of those accounts or records to allow  
18 the Chief of the State Police or the chief's designee to examine  
19 the accounts and records as the chief determines necessary.

20 **§393. Contempt**

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

34 **§394. Violations**

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

38 A. Permitting a person under 21 years of age to play a  
39 video lottery terminal licensed pursuant to this chapter;

40 B. Permitting a person to play a video lottery terminal  
41 licensed pursuant to this chapter at a time other than  
42 during the legal hours for the on-premises consumption of  
43 liquor;

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

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

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

6 **2. Class C crimes by any person.** A person who performs any  
8 of the following acts commits a Class C crime:

10 A. Tampering with a video lottery terminal with intent to  
interfere with the proper operation of that terminal;

12 B. Manipulating or intending to manipulate the outcome,  
14 payoff or operation of a video lottery terminal by physical  
tampering or any other means;

16 C. Manufacturing, distributing, selling, operating or  
18 placing a video lottery terminal for use in this State  
without a license or manufacturing, distributing, selling,  
20 operating or placing a gray area machine for use in this  
State; or

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

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

32 **§395. Payment to the Attorney General**

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

38 **§396. Implementation**

40 A video lottery terminal may not be operated under this  
42 chapter before January 1, 1996.

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

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

50 **Sec. 9. 28-A MRSA §807** is enacted to read:

