

MAINE STATE LEGISLATURE

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L.D. 1218

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MAJORITY
LEGAL AND VETERANS AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 868, L.D. 1218, Bill, "An Act to Amend the Laws Relating to Harness Racing"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

Sec. 1. 7 MRSA §76 is enacted to read:

§76. Agricultural Fair Support Fund

1. Fund created. The Treasurer of State shall establish an account to be known as the Agricultural Fair Support Fund and shall credit to it all money received for that purpose under Title 17, section 383, subsection 5, paragraph D.

2. Disbursement. No later than January 31st of each year all funds held as of the end of the previous calendar year in the Agricultural Fair Support Fund must be distributed by the Treasurer of State as follows.

A. Forty-eight percent of these funds must be divided equally among all entities licensed as agricultural fairs by the department that during the previous year were licensed to and did accept pari-mutuel wagers on harness horse races. The funds must be used by the fairs to improve their fair facilities.

B. Forty-two percent must be divided equally among all entities licensed as agricultural fairs by the department that during the prior year did not accept pari-mutuel wagers on horse races. The funds must be used by the fairs to improve their fair facilities.

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2 C. Ten percent must be distributed among entities licensed
4 by the department in the same proportion as money
6 distributed under section 62, except that no portion of the
8 money may be allocated for administrative expenses.

10 **Sec. 2. 8 MRSA §372, sub-§2, ¶I,** as repealed and replaced by PL
12 1993, c. 349, §23, is amended to read:

14 I. Carry on a continuous study and investigation of the
16 lotteries throughout the State and the operation and
18 administration of similar laws that may be in effect in
20 other states or countries; and

22 **Sec. 3. 8 MRSA §372, sub-§2, ¶J,** as enacted by PL 1991, c. 780,
24 Pt. Y, §112, is amended to read:

26 J. Assign duties as necessary to a designee; and

28 **Sec. 4. 8 MRSA §372, sub-§2, ¶K** is enacted to read:

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

42 **Sec. 5. 8 MRSA §374, sub-§1, ¶¶K and L,** as enacted by PL 1987,
44 c. 505, §2, are amended to read:

46 K. The manner and amount of compensation to be paid
48 licensed sales agents necessary to provide for the adequate
50 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. 6. 8 MRSA §374, sub-§1, ¶M is enacted to read:

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2 M. Rules to administer and enforce Title 17, chapter 16,
4 which may be adopted jointly with the Chief of the State
6 Police. Rules adopted pursuant to this paragraph are
routine technical rules as defined in Title 5, chapter 375,
subchapter II-A.

8 **Sec. 7. 17 MRSA §348** is enacted to read:

10 **§348. Applicability**

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

16 **Sec. 8. 17 MRSA c. 16** is enacted to read:

18 **CHAPTER 16**

20 **VIDEO LOTTERY TERMINALS**

22 **SUBCHAPTER I**

24 **GENERAL PROVISIONS**

26 **§361. Definitions**

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

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

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

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

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

48 5. **Drug-dependent person.** "Drug-dependent person" has the
same meaning as set forth in Title 5, section 20003, subsection
50 12.

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

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

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

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

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

18 11. Pari-mutuel facility. "Pari-mutuel facility" means a
location at which a person licensed under Title 8, chapter 11 is
20 authorized to accept pari-mutuel wagers on horse races.

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

26
28 13. Person. "Person" means an individual, corporation,
association or partnership.

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

42 15. Tournament video machine. "Tournament video machine"
means a machine:

44
46 A. Available to play or simulate the play of a video game of
poker, keno, blackjack or similar game utilizing a video
display and microprocessor;

48
50 B. That is used together with similar machines in a
competitive tournament setting in which players compete
against each other for something of value; and

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2 C. In which the outcome of the tournament is influenced both
4 by an element or elements of chance inherent in the nature
 of the video game played and by the skill of the players.

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

14 17. Video lottery terminal. "Video lottery terminal" means:

- 16 A. A tournament video machine; or
- 18 B. A machine that, upon insertion of coin or currency, is
20 available to play or simulate the play of a video game,
22 authorized by the Chief of the State Police, including but
24 not limited to poker, keno, blackjack and line games
 utilizing a video display and microprocessor in which by
 chance the player may receive free games or credits that may
 be redeemed for cash and that does not directly dispense
 coins, cash or tokens.

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

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

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

40 §362. License required; shut down

42 A person may not manufacture, distribute, sell, operate or
44 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
46 person may not place for public use or operate a video lottery
 terminal in this State unless the machine is licensed by the
48 Chief of the State Police.

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1 1. Shut down. Except as provided in subsection 2, the Chief
2 of the State Police may not permit any person eligible for a
3 license under section 371, subsection 1, paragraphs A, B or C to
4 operate a video lottery terminal in any calendar year unless
5 during the preceding calendar year there were at least 150 race
6 dates on which live horse racing was actually conducted at the
7 commercial tracks, as defined in Title 8, section 275-A.

8
9 2. Exceptions. Notwithstanding subsection 1, the Chief of
10 the State Police shall permit a person who possesses a valid
11 license issued pursuant to section 371, subsection 1, paragraph A
12 to operate video lottery terminals if the licensee conducted at
13 least 136 race dates during the immediately preceding calendar
14 year or, if the licensee is a commercial track as defined in
15 Title 8, section 275-A, subsection 1, paragraph B, at least 25
16 race dates during the immediately preceding year.

17 For the purposes of this section, any race date that the
18 State Harness Racing Commission determines was canceled due to a
19 natural or other disaster must be counted as a race date. The
20 Chief of the State Police shall consult with the State Harness
21 Racing Commission in implementing this section.

22 **§363. Administration and enforcement**

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

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

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

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

31 B. Investigate the direct or indirect ownership or control
32 of any licensee;

33 C. Adopt rules necessary to administer and enforce this
34 chapter, including the joint adoption of rules with the
35 State Liquor and Lottery Commission. Rules adopted pursuant
36 to this paragraph are routine technical rules as defined in
37 Title 5, chapter 375, subchapter II-A;

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

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- 2 E. Approve or disapprove terms and conditions of uniform
3 location agreements.
- 4 2. Duties. The Chief of the State Police shall:
- 6 A. Investigate or cause to be investigated all complaints
7 made to the State Police and all violations of this chapter
8 or the rules adopted under this chapter;
- 10 B. Adopt rules to prevent undesirable conduct relating to
11 the operation of video lottery terminals, including the
12 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;
- 20 (3) The use of obscene advertising;
- 22 (4) The solicitation on a public way of persons to
23 play video lottery terminals;
- 26 (5) The infiltration of organized crime into the
27 operation of video lottery terminals or into the
28 distribution of the terminals;
- 30 (6) The presence of disorderly persons in a location
31 where video lottery terminals are in use; or
- 32 (7) The use of the word "casino" to describe any video
33 lottery terminal licensed under this chapter or as the
34 name or any part of the name of the licensed premises
35 or of a portion of the premises where the video lottery
36 terminal is located.
- 38 Rules adopted pursuant to this paragraph are routine
39 technical rules as defined in Title 5, chapter 375,
40 subchapter II-A;
- 42 C. Direct the director to disable any video lottery
43 terminal if the Chief of the State Police has reason to
44 believe that:
- 46 (1) A person has illegally tampered with the terminal;
47 (2) A person has tampered with the terminal;
48 (3) A person has tampered with the terminal;

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- 2 (2) The funds from the terminal have not been
- 4 distributed, deposited or allocated in accordance with
- 6 section 383;
- 8 (3) The terminal does not meet the licensure
- requirements of this chapter; or
- (4) The licensee is guilty of criminal conduct; and
- 10 D. In accordance with the Maine Administrative Procedure
- 12 Act, develop industry standards for uniform location
- 14 agreements to be used as the basis of agreements between
- distributors and licensees.

§365. Powers and duties of director

16 1. Powers. In addition to powers conferred by any other

18 provision of law, the director may:

- 20 A. Propose to the State Liquor and Lottery Commission for
- 22 adoption rules necessary to administer and enforce this
- 24 chapter, including rules to be adopted jointly with the
- Chief of the State Police; and
- 26 B. Subject to approval of the State Liquor and Lottery
- 28 Commission and to any applicable laws relating to public
- 30 contracts, enter into a contract for performance of the
- 32 director's duties under this chapter. All contracts must be
- 34 awarded in accordance with rules adopted by the Department
- of Administrative and Financial Services pursuant to Title
- 5, chapters 141 to 145 and Title 5, sections 1812 and 1813.
- A contract awarded or entered into by the director may not
- be assigned by the holder of the contract, except by
- specific approval of the commission.

36 2. Duties. The director shall:

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

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

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

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

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

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

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

expenses and the allocation of net terminal income for the preceding year;
I. Prepare and submit to the Commissioner of Administrative and Financial Services a budget for the program's administration; and

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

SUBCHAPTER II

LICENSING

§371. License to operate

1. Eligible persons. The Chief of the State Police may issue a license to operate video lottery terminals to the following:

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2 A. A person licensed to operate a commercial track as
4 defined under Title 8, section 275-A, subsection 1 who meets
6 the other qualifications established under this section may
8 be licensed to operate up to 150 video lottery terminals at
10 locations for which the person is licensed to accept
12 pari-mutuel wagers on horse races;

14 B. A person who is licensed to operate an off-track betting
16 facility as defined in Title 8, section 275-A, subsection 8
18 who meets the other qualifications established under this
20 section may be licensed to operate up to 50 video lottery
22 terminals on days and at locations for which the person is
24 licensed to accept pari-mutuel wagers on horse races;

26 C. A person who is licensed to operate a pari-mutuel
28 facility that is an agricultural fair that meets the other
30 qualifications established under this section may be
32 licensed to operate up to 5 video lottery terminals on days
34 and at locations for which the person is licensed to accept
36 pari-mutuel wagers on horse races;

38 D. An incorporated civic organization as defined in Title
40 28-A, section 2, subsection 15, incorporated in this State
42 at least 2 years prior to its application for a license and
44 that meets the other qualifications established under this
46 section, may be licensed to operate up to 5 video lottery
48 terminals;

50 E. The Passamaquoddy Indian Tribe, as defined in Title 30,
52 section 6203, may be licensed to operate up to 50 video
54 lottery terminals on Passamaquoddy Indian territory, as
56 defined in Title 30, section 6205; and

58 F. The Penobscot Nation, as defined in Title 30, section
60 6203, may be licensed to operate up to 50 video lottery
62 terminals on Penobscot Indian territory, as defined in Title
64 30, section 6205.

66 2. Qualifications for individual license. An individual
68 may be issued a license to operate a video lottery terminal if
70 the individual is eligible for a license under subsection 1 and
72 the individual:

74 A. Is of good moral character, determined pursuant to
76 subsection 4;

78 B. Is current in payment of all taxes, interest and
80 penalties owed to the State or to a municipality, excluding
82 items under formal dispute or appeal pursuant to applicable
84 statutes or ordinances;

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

8 D. Has not been convicted of a violation of this chapter,
10 chapter 14 or Title 17-A, chapter 39;

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

16 F. Has completed the application form and complied with the
18 requirements of section 374;

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

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

28 3. Qualifications for partnership, corporation or
30 association license or for the Penobscot Nation or the
Passamaquoddy Tribe. A partnership may be licensed to operate a
32 video lottery terminal if the partnership is eligible for a
license under subsection 1, the partnership meets the
34 qualifications of subsection 2, paragraphs B to G and each
partner of the partnership meets all of the requirements of
36 subsection 2. A corporation or an association may be licensed to
operate a video lottery terminal if the association or the
38 corporation is eligible for a license under subsection 1, the
corporation or the association meets the qualifications of
40 subsection 2, paragraphs B to G and each officer, director and
owner of any interest of the corporation or the association meets
42 all of the requirements of subsection 2. The Penobscot Nation and
the Passamaquoddy Tribe may be licensed to operate video lottery
44 terminals as follows:

46 A. An applicant for a license to operate video lottery
48 terminals on Penobscot Indian territory or on Passamaquoddy
Indian territory must be designated and approved by the
tribal council of the Tribe or Nation, as applicable;

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2 B. The applicant may be licensed to operate video lottery
3 terminals on Penobscot Indian territory or on Passamaquoddy
4 Indian territory if the applicant meets all the requirements
5 of subsection 2.

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

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

16 B. Information of record relative to convictions of the
17 applicant for crimes punishable by imprisonment for less
18 than one year or adjudications of the applicant for juvenile
19 offenses involving conduct that, if committed by an adult,
20 is punishable by imprisonment for less than one year;

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

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

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

28 5. Placement of terminals. The following limitations apply
29 to the placement of video lottery terminals:

30 A. A terminal may not be placed in any location other than
31 the premises of the licensee; and

32 B. A terminal must be placed in an area of the premises
33 separated by a physical barrier from any part of the
34 premises not dedicated to the operation of video lottery
35 terminals. This area must be clearly labelled as an area
36 that persons under 18 years of age may not enter. The area
37 must be located and designed to permit the licensee or an
38 agent of the licensee to see and control the area at all
39 times to ensure compliance with the provisions of this
40 chapter.

41 6. Uniform location agreement. Each video lottery terminal
42 must be subject to a uniform location agreement between the
43 distributor and the licensee. A copy of the agreement must be
44 submitted to the Chief of the State Police. The Chief of the
45 State Police shall make a determination of moral character solely
46 on the basis of information recorded by governmental entities
47 within 5 years of receipt of the application, including, but not
48 limited to, the following matters:
49 A. Information of record, provided pursuant to Title 19,
50 section 770, subsection 1, relative to incidents of abuse by

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2 State Police may approve or disapprove any uniform location
3 agreement. If the uniform location agreement is disapproved, the
4 Chief of the State Police must provide written reasons for the
5 denial. The uniform location agreement is the complete and sole
6 agreement between the licensee and the distributor regarding
7 video lottery terminals. No other agreement between the licensee
8 and the distributor is legally binding.

9
10 7. Appeal to commissioner. Any distributor or licensee
11 denied approval of a uniform location agreement may appeal the
12 decision of the Chief of the State Police to the Commissioner of
13 Public Safety. The commissioner shall hold a hearing to include
14 the distributor, the licensee and the Chief of the State Police
15 or the chief's designee prior to rendering a decision on the
16 appeal. The commissioner shall render a decision within 30 days
17 of the hearing.

18 8. Disclosure of other contracts and agreements. A
19 distributor shall disclose to the Chief of the State Police any
20 other contracts or agreements that the distributor or a
21 subsidiary of the distributor has made with a licensee.

22
23 9. Incentives prohibited. A distributor may not offer an
24 incentive to a licensee to accept placement of a video lottery
25 terminal on the premises of the licensee and a licensee may not
26 solicit such an incentive. For purposes of this subsection,
27 "incentive" means any consideration, including a premium or bonus
28 in cash, an advance payment of the licensee's share of net
29 terminal income or merchandise. "Incentive" does not include the
30 licensee's share of net terminal income provided for in section
31 383. A person who violates this subsection commits a Class C
32 crime and that person's license, if any, is revoked and the right
33 to apply for a license under this chapter is precluded.

34 **§372. Licensing of terminals**

35
36
37 1. License required. A video lottery terminal may not be
38 placed for public use or operated in this State unless the
39 terminal is licensed by the Chief of the State Police. The
40 terminal license must be prominently displayed on the terminal.
41 Language describing the odds of winning the game and warning of
42 the danger of compulsive gambling must also be prominently
43 displayed on the terminal.

44
45 2. Requirements for license. To be licensed, a video
46 lottery terminal:

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

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

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

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

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

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

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

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

36 **3. Amount of play; payback value.** A video lottery terminal
38 may be played for a minimum of 25¢ and a maximum of \$2 in a
single game. A video lottery terminal may not accept more than
40 \$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
42 by each terminal must be at least 80%.

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

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2 associated equipment to pay the anticipated actual cost of the
3 examination before the examination occurs. After the examination
4 occurs, the Chief of the State Police shall refund overpayments
5 or charge and collect amounts sufficient to reimburse the Chief
6 of the State Police for underpayments of actual cost. The Chief
7 of the State Police may contract for the examinations of video
8 lottery terminals and associated equipment as required by this
9 section.

10 5. Ownership of terminals. A person may not place or
11 operate a video lottery terminal for public use in this State if
12 the terminal is owned by a person other than a video lottery
13 terminal distributor licensed under this chapter. A video
14 lottery terminal distributor may not own more than 10% of the
15 total number of video lottery terminals licensed in this State.

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

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

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

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

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§374. Applications

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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, but is not limited to, 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;

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

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

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

(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 or more?"

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

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

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

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

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

(7) "Are you an illegal alien?"

(8) "To your knowledge, have you been the subject of an investigation by any law enforcement agency within

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COMMITTEE AMENDMENT "A" to H.P. 868, L.D. 1218

2 the past 5 years regarding the alleged abuse by you of
family or household members?"

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

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

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

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

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

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

30 C. That the applicant understands that the answers to
questions in subsection 1, paragraph D are used by the Chief
32 of the State Police, along with other information, in
judging good moral character and an affirmative answer to
34 one or more of those questions may be cause for refusal to
issue a license; and
36

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

42 3. Consent to review records. At the request of the Chief
of the State Police, the applicant shall take whatever action is
44 necessary to permit the Chief of the State Police to examine all
accounts and records in the applicant's possession, under the
46 applicant's control or under the control of 3rd persons but
accessible by consent of the applicant, and must authorize all
48 3rd parties in possession or in control of those accounts or
records to allow the Chief of the State Police or a designee to

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2 examine the accounts and records as the Chief of the State Police
determines necessary to ascertain:

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

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

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

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

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

26 **§375. Fees; term of license; transferability**

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

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

34 B. A license for a video lottery terminal wholesaler is
36 \$5,000;

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

40 D. A license to operate a video lottery terminal is \$200
42 per terminal.

44 In addition to the annual license fee, the Chief of the State
Police may charge a one-time application fee for a license
46 described in paragraph A, B or C in an amount equal to the actual
cost of processing the application and performing any background
48 investigations. All fees collected pursuant to this section must
be deposited directly into the Video Lottery Fund except that 50%
50 of each license fee collected under paragraph D must be

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2 distributed to the municipality in which the licensee is licensed
to operate video lottery terminals.

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

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

12 **§376. Actions relating to licenses**

14 1. Suspension or revocation of license; refusal to renew.
16 The Chief of the State Police may refuse to renew a license after
a hearing in accordance with the Maine Administrative Procedure
18 Act. The Chief of the State Police may suspend a license issued
under this chapter for a period of up to 180 days. The
20 Administrative Court may suspend or revoke a license issued under
this chapter. The Chief of the State Police may refuse to renew
22 or may suspend a license and the Administrative Court may revoke
or suspend a license for just cause, including any of the
24 following:

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

30 B. The person or the person's agent violated any provision
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 The Chief of the State Police may not suspend a license unless
38 the Chief of the State Police receives a written statement made
under oath from a law enforcement officer establishing probable
40 cause for the suspension. The Chief of the State Police shall
immediately notify the licensee in writing of the suspension and
42 the date the suspension is to take effect. If the licensee
wishes to have a hearing, the licensee must notify the
44 Administrative Court in writing within 20 days of the date of the
suspension. If a hearing is requested, the license suspension
46 remains in effect pending the outcome of the hearing.

48 2. Ineligibility period following refusal to issue or renew
or revocation of license. A person may not apply to the Chief of
the State Police for any license under this chapter less than 2

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2 years after the Chief of the State Police refused to issue or
3 renew a license under this chapter or less than 2 years after the
4 Administrative Court revoked a license issued to the person under
5 this chapter.

6 **SUBCHAPTER III**

8 **TERMINAL OPERATION; ALLOCATION OF FUNDS**

10 **§381. Limits on terminal use**

12 1. Hours of play. A licensee may not permit a person to
13 play a video lottery terminal on any day other than a day on
14 which the licensee is licensed to accept pari-mutuel wagers on
15 horse races, except that a commercial racetrack licensed under
16 section 371, subsection 1, paragraph A; the Penobscot Nation,
17 licensed under section 371, subsection 1, paragraph F; the
18 Passamaquoddy Tribe, licensed under section 371, subsection 1,
19 paragraph E; and an incorporated civic organization licensed
20 under section 371, subsection 1, paragraph D may permit persons
21 to play a video lottery terminal on any day. An incorporated
22 civic organization may not permit a person to play a video
23 lottery terminal at any time other than during legal hours for
24 the on-premises consumption of liquor, as established under Title
25 28-A.

26 2. Age of player. A licensee may not permit a person under
27 18 years of age to play a video lottery terminal.

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

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

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

41 **§383. Allocation of funds**

42 1. Distributor responsible. A video lottery terminal
43 distributor shall collect and allocate funds from video lottery

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2 terminals owned by the distributor in accordance with this
3 section.

4 2. Allocation of net terminal income. The distributor
5 shall allocate:

6 A. Fifty-five percent of the net terminal income to the
7 director who shall transfer this sum to the Treasurer of
8 State for deposit in the Video Lottery Fund established in
9 section 384;

10 B. Twenty-three percent of the net terminal income to the
11 licensee on whose premises the video lottery terminal is
12 located; and

13 C. Twenty-two percent to the distributor of the video
14 lottery terminal.

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

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

34 5. Use of state share. At the end of each fiscal year, the
35 Treasurer of State shall transfer from the Video Lottery Fund:

36 A. An amount equal to 1% of the net terminal income derived
37 from video lottery terminals during that fiscal year to the
38 Local Government Fund, created in Title 30-A, section 5681;

39 B. An amount equal to 9% of the net terminal income derived
40 from video lottery terminals during the fiscal year to the
41 State Harness Racing Commission to be used to supplement
42 harness racing purses and, at times and in the manner

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2 prescribed in Title 8, section 275-I, subsection 3,
3 distributed by the State Harness Racing Commission to
4 persons licensed under Title 8, chapter 11 to conduct
5 pari-mutuel races;

6 C. An amount equal to 1% of the net terminal income derived
7 from video lottery terminals during the fiscal year to the
8 Sires Stakes Fund created in Title 8, section 281;

10 D. An amount equal to 2% of the net terminal income derived
11 from video lottery terminals during the fiscal year to the
12 Agricultural Fair Support Fund created in Title 7, section
13 76; and

14 E. An amount equal to 2% of the net terminal income derived
15 from video lottery terminals during the fiscal year to the
16 State Harness Racing Commission to be distributed in
17 accordance with Title 8, section 275-J, subsection 3.

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

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

30 **§384. Video Lottery Fund**

32 1. Fund created. There is established a separate fund to
33 be known as the Video Lottery Fund. The fund may be deposited in
34 such depositories as the Treasurer of State may select. The fund
35 consists of all revenue payable to the State pursuant to sections
36 375 and 383 and all other money credited or transferred to the
37 fund from any other fund or source pursuant to law.

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

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

44 B. For payments pursuant to section 383, subsection 5; and

45 C. For payment to the General Fund.

46 3. Committee review of allocation. The director shall
47 submit to the joint standing committee of the Legislature having
48 jurisdiction over this subject matter.

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2 jurisdiction over legal affairs for review all proposals for
3 allocations from the Video Lottery Fund. The proposed
4 allocations for each fiscal year must be submitted by January 1st
5 preceding the start of the fiscal year.

6 **§385. Use of proceeds by nonprofit organizations**

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

18 **SUBCHAPTER IV**

20 **ENFORCEMENT AND PENALTIES**

22 **§391. Reports; records**

24 **1. Reports; records.** The Chief of the State Police or the
26 director shall require from any licensed distributor,
27 manufacturer, wholesaler or licensee whatever records and reports
28 the chief or the director considers necessary for the
29 administration and enforcement of this chapter.

30 **2. Location.** A license holder shall maintain all records
32 required by this chapter or by rules adopted under this chapter
33 at the primary business office within this State of the license
34 holder or on the premises where the video lottery terminal is
35 operated. In the case of a video lottery terminal manufacturer
36 or wholesaler, the records must be maintained at the primary
37 business office of the manufacturer or wholesaler. The primary
38 business office must be designated by the license holder in the
39 license application. All records must be open to inspection by
40 the Chief of the State Police, the director or the designee of
41 either of them and a license holder may not refuse the Chief of
42 the State Police, the director or the designee of either of them
43 the right to inspect or audit the records. Refusal to permit
44 inspection or audit of the records is not a crime under this
45 chapter but does constitute grounds for revocation of the license.

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

48 A license holder shall permit the Chief of the State Police
50 or the chief's designee to inspect any equipment, prizes, records

2 or items and materials used or to be used in the operation of any
 4 video lottery terminal manufactured, owned, distributed or
 6 operated by that person. A license holder shall consent in
 8 writing to the examination of all accounts, bank accounts and
 10 records in the license holder's possession or under the license
 12 holder's control and shall authorize all 3rd parties in
 14 possession or in control of those accounts or records to allow
 16 the Chief of the State Police or the chief's designee to examine
 18 the accounts and records as the chief determines necessary.

10 §393. Contempt

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

26 §394. Violations

28 1. Crimes by licensees. A licensee who knowingly engages
 30 in any of the following acts commits a Class D crime:

32 A. Permitting a person who has not attained 18 years of age
 34 to play a video lottery terminal;

36 B. Extending credit to a person in order for the person to
 38 play a video lottery terminal;

40 C. Permitting a person to use a credit card as a method of
 42 payment for playing a video lottery terminal; or

44 D. Permitting a visibly intoxicated person to play a video
 46 lottery terminal.

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

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

B. Intending to manipulate or attempting to manipulate the
outcome, payoff or operation of a video lottery terminal by
physical tampering or any other means; or

2 C. Knowingly placing for public use or operating an
4 unlicensed video lottery terminal in this State.

6 3. Class D crimes by any person. A person who knowingly
8 violates any 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 4. Civil violation. A person who has not attained 18 years
12 of age may not play a video lottery terminal. A person who has
14 not attained 18 years of age who plays a video lottery terminal
 commits a civil violation for which a forfeiture of not more than
 \$200 may be adjudged.

16 §395. Payment to the Attorney General

18 As provided in Title 5, section 203, the Bureau of the State
20 Police shall request the Treasurer of State to pay the Attorney
22 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 December 1, 1996.

28 §397. Transportation of video lottery terminals

30 The transportation of a video lottery terminal used or
32 intended for use by and transported to or from a person licensed
34 under this chapter to operate the video lottery terminal is
 exempt from Title 15, United States Code, Section 1172.

36 Sec. 9. 17-A MRSA §951, as amended by PL 1989, c. 502, Pt. A,
 §48, is further amended to read:

38 §951. Inapplicability of chapter

40 Any person licensed by the Chief of the State Police as
42 provided in Title 17, chapter 13-A or chapter 14, or authorized
44 to operate or conduct a raffle pursuant to Title 17, section 331,
46 subsection 6, shall-be or licensed to operate, sell, distribute
48 or manufacture a video lottery terminal pursuant to Title 17,
 chapter 16 is exempt from the application of the provisions of
 this chapter insofar as that person's conduct is within the scope
 of the license.

50 Sec. 10. 17-A MRSA §952, sub-§5-A is enacted to read:

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2 5-A. "Illegal gambling machine" means any machine,
including electronic devices, however operated:

4 A. The internal mechanism or components of which when set in
motion or activated may deliver or entitle the person
6 playing or operating the machine to receive cash, premiums,
merchandise, tickets or something of value;

8 B. That is used to advance gambling activity; and

10 C. That is not a machine that a person may lawfully operate
12 pursuant to a license that has been issued under Title 17,
chapter 14 or Title 17, chapter 16.

14 **Sec. 11 17-A MRSA §956-A** is enacted to read:

16 **§956-A. Possession of illegal gambling machines**

18 1. A person is guilty of possession of an illegal gambling
20 machine if the person manufactures, sells, transports, places or
possesses any illegal gambling machine, as defined in section
22 952, knowing it is to be used or is being used to advance
gambling activity, as defined in section 952.

24 2. Possession of an illegal gambling machine is a Class C
26 crime. Notwithstanding section 1301, the minimum fine for a
violation of subsection 1 is \$1,000 per illegal gambling
28 machine. This fine may not be suspended.

30 **Sec. 12. 17-A MRSA §959** is enacted to read:

32 **§959. Illegal gambling machines; forfeiture**

34 1. An illegal gambling machine, including any monetary
contents, is subject to forfeiture to the State.

36 2. An illegal gambling machine and any monetary contents
38 may be declared forfeited by any court having jurisdiction over
the illegal gambling machine or having final jurisdiction over
40 any related criminal proceeding brought under this chapter.

42 3. Forfeitures under this section must be accomplished by
the following procedure.

44 A. A district attorney or the Attorney General may petition
46 the Superior Court in the name of the State in the nature of
a proceeding in rem to order forfeiture of an illegal
48 gambling machine and any monetary contents. The petition
must be filed in the court having jurisdiction over the
50 property.

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2 B. The proceeding is a civil suit in which the State has
4 the burden of proving all material facts by a preponderance
 of the evidence.

6 C. The court shall order the State to give notice by
8 certified or registered mail or hand delivered by a deputy
 sheriff to any person who appears to have an interest in the
10 illegal gambling machine and any monetary contents.

12 D. The court shall promptly, but not less than 2 weeks
 after notice, hold a hearing on the petition. At the
14 hearing, the court shall hear evidence and make findings of
 fact and enter conclusions of law.

16 E. Based on the findings and conclusions, the court shall
18 issue a final order from which the parties have a right of
 appeal. The final order must provide for disposition of the
20 illegal gambling machine and any monetary contents by the
 State. Any revenue generated by the disposition of the
22 illegal gambling machine and any monetary contents of the
 machine must be used to pay the reasonable expenses of the
24 forfeiture proceedings, seizure, storage, maintenance of
 custody, advertising and notice. The balance, if any, must
26 be deposited in the General Fund.

28 4. Any officer, department or agency having custody of an
 illegal gambling machine or any monetary contents of an illegal
30 gambling machine, or having disposed of the illegal gambling
 machine or any monetary contents, shall keep and maintain full
32 and complete records in accordance with this subsection.

34 A. The records must show:

36 (1) From whom it received an illegal gambling machine
 or any monetary contents of an illegal gambling machine;

38 (2) Under what authority it held, received or disposed
40 of an illegal gambling machine or the monetary contents
 of a machine;

42 (3) To whom it delivered an illegal gambling machine
44 or the monetary contents of a machine;

46 (4) The date and manner of destruction or disposition
 of an illegal gambling machine; and

48 (5) The exact kinds, quantities and forms of illegal
50 gambling machines of which it had custody or which it
 disposed and the exact amount of any monetary contents

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2 of any machine of which it had custody or of which it
3 disposed.

4 B. The records must be open to inspection by all federal
5 and state officers charged with enforcement of gambling laws.

6 C. Persons making final disposition or destruction of an
7 illegal gambling machine or its monetary contents under
8 court order shall report, under oath, to the court the exact
9 circumstances of the destruction or disposition.

10 D. The Department of Public Safety is responsible for
11 maintaining a centralized record of illegal gambling
12 machines seized. At least quarterly, the department must
13 provide a report of the disposition of property previously
14 held by the department to the Commissioner of Administrative
15 and Financial Services and the Legislative Office of Fiscal
16 and Program Review for review. These records must include an
17 estimate of the fair market value of items seized.

18 5. An illegal gambling machine, together with any monetary
19 contents, is contraband and may be seized by any law enforcement
20 officer pursuant to subsection 6 or subsection 7.

21 6. At the request of the State ex parte, the court may
22 issue any preliminary order or process necessary to seize or
23 secure the property for which forfeiture is sought and provide
24 for its custody.

25 A. Process for seizure of the property may issue only upon
26 a showing of probable cause. The application for process for
27 seizure of the property and the issuance, execution and
28 return of the process are subject to the provisions of the
29 applicable law of this State.

30 B. Any property subject to forfeiture under this section
31 may be seized pursuant to this subsection.

32 7. Seizure without process may be made when seizure is
33 incident to a legal search or inspection if the law enforcement
34 officer has probable cause to believe the property seized is an
35 illegal gambling machine.

36 Sec. 13. 25 MRSa §3902, sub-§4 is enacted to read:

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

41

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Sec. 14. 28-A MRSA §802-A is enacted to read:

§802-A. Mandatory revocation; illegal gambling machines

The Administrative Court shall suspend for a period not less than 6 months all licenses issued pursuant to this Title held by a person or an organization if the person or organization is found to have had on the premises of the person's or organization's licensed establishment an illegal gambling machine in violation of Title 17-A, section 956-A.

Sec. 15. 28-A MRSA §807 is enacted to read:

§807. Notice to Chief of the State Police

The State Liquor and Lottery Commission shall notify the Chief of the State Police of the suspension or revocation of any license issued under this chapter. The commission shall also notify the Chief of the State Police of any investigation of a violation of any provision of this Title.

Sec. 16. Working capital advances. The State Controller may 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 the 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.

Sec. 17. Allocation. The following funds are allocated from the Video Lottery Fund to carry out the purposes of this Act.

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ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Alcoholic Beverages and Lottery Operations - Video Lottery Terminals

Positions - Other Count	(2.0)
Personal Services	\$201,640

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2 All Other 947,560

4 Provides funds for a Data Control Specialist
 6 position, a Computer Operator position, a
 8 Clerk IV position, an Auditor I position and
 an Auditor II position and position
 operating costs, as well as for the vendor
 fee for the central computer system.

10 **DEPARTMENT OF ADMINISTRATIVE**
 12 **AND FINANCIAL SERVICES**

12 **TOTAL** \$1,149,200

14 **PUBLIC SAFETY, DEPARTMENT OF**

16 **Video Gaming Licensing and**
 18 **Enforcement Division**

18 Positions - Other Count (9.0)

20 Personal Services \$1,133,000

22 All Other 142,246

22 Capital Expenditures 186,250

24 **TOTAL** \$1,461,496

26 Provides funds for one Sergeant position, 6
 28 Detective positions, one Clerk Typist II
 30 position and one Clerk Typist III position
 to perform the background check and
 32 licensing of video lottery terminal
 manufacturers, wholesalers, distributors and
 operators and for enforcement costs. This
 34 allocation also provides funds for overtime
 costs that will be incurred by the State
 36 Police as a result of the transfer of
 positions to video lottery terminal
 38 enforcement.

40 **Video Gaming Licensing and**
 42 **Enforcement Division**

44 All Other \$176,750

46 Provides funds for the distribution to
 48 municipalities of 50% of the per terminal
 license fees.

50 **DEPARTMENT OF PUBLIC SAFETY** _____

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2 TOTAL \$1,638,246

4 TOTAL ALLOCATIONS \$2,787,446

6 Sec. 18. Allocation. The following funds are allocated from
8 Other Special Revenue funds to carry out the purposes of this Act.

10 1996-97

12 ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF

14 Division of Financial and
Personnel Services

16 Positions - Other Count (2.0)
18 Personal Services \$54,963
20 All Other 9,658
Capital Expenditures 11,000

22 Allocates funds for an Accountant I position
24 and an Account Clerk II position to manage
the finances and perform cash management and
26 reconciliation related to the Video Lottery
Fund.

28 DEPARTMENT OF ADMINISTRATIVE AND
FINANCIAL SERVICES
30 TOTAL

\$75,621

32 AGRICULTURE, FOOD AND RURAL
RESOURCES, DEPARTMENT OF

34 State Harness Racing Commission

36 All Other \$945,000

38 Allocates funds received from video lottery
40 terminals for purse supplements.

42 State Harness Racing Commission

44 All Other 105,000

46 Allocates funds received from video lottery
48 terminals for the Sire Stakes Fund.

State Harness Racing Commission

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2	All Other	210,000
4	Allocates funds received from video lottery terminals for the Agricultural Fair Support Fund.	
6		
8	State Harness Racing Commission	
10	All Other	210,000
12	Allocates funds received from video lottery terminals for payments to racetracks pursuant to the Maine Revised Statutes, Title 8, section 275-J.	
14		
16	State Harness Racing Commission	
18	All Other	(206,680)
20	Deallocates funds to reflect a reduction in pari-mutuel wagers as a result of competition with video lottery terminals.	
22		
24		
26	DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES	
28	TOTAL	<u>\$1,263,320</u>
30	ATTORNEY GENERAL, DEPARTMENT OF THE Administration - Attorney General	
32	Positions - Other Count	(4.0)
34	Personal Services	\$157,363
36	All Other	13,190
38	Capital Expenditures	5,200
40	Provides funds for 3 Assistant Attorney General positions and one Secretarial position to assist in the rule-making and enforcement responsibilities.	
42		
44	DEPARTMENT OF THE ATTORNEY GENERAL	
46	TOTAL	<u>\$175,753</u>
48	TREASURER, OFFICE OF THE State-Municipal Revenue Sharing	
50	All Other	\$105,000

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2 Allocates additional funds to the
3 state-municipal revenue sharing program
4 resulting from the Local Government Fund's
5 share of video lottery machine revenue.

6
7 **OFFICE OF THE TREASURER**
8 **TOTAL** \$105,000

10 **TOTAL ALLOCATIONS** \$1,619,694'

12 Further amend the bill by inserting at the end before the
14 statement of fact the following:

16 **FISCAL NOTE**

18 **1996-97**

20 **APPROPRIATIONS/ALLOCATIONS**

22 Other Funds \$4,407,140

24 **REVENUES**

26 General Fund \$454,680
28 Other Funds 4,407,140

30 The State's share of the net terminal income from video
32 lottery machines is estimated to be \$5,775,000 in fiscal year
33 1996-97, \$20,196,000 in fiscal year 1997-98 and \$25,245,000 in
34 fiscal year 1998-99. After funding the administrative and
35 enforcement expenses, transferring funds as dedicated revenue for
36 specific purposes, including new license fee revenue and
37 accounting for reductions in General Fund revenue from other
38 lottery operations and pari-mutuel wagers, this bill will
39 generate net additional General Fund revenue of \$454,680 in
40 fiscal year 1996-97, \$7,121,986 in fiscal year 1997-98 and
\$8,837,223 in fiscal year 1998-99.

42 The components of these revenue estimates include projected
43 decreases in General Fund revenue from current lottery operations
44 of \$1,000,000, \$3,200,000 and \$4,000,000 and from pari-mutuel
45 wagers of \$60,000, \$200,000 and \$250,000 in fiscal years 1996-97,
46 1997-98 and 1998-99, respectively. These estimates also include
47 Video Lottery Fund revenue from license fees of \$353,500 in
48 fiscal year 1996-97 and \$535,000 annually beginning in fiscal
49 year 1997-98. A portion of these license fees are to be paid to
50 the municipalities in which the terminals are located. In

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2 addition to these revenues, a substantial but undeterminable
amount of additional income tax revenue will result from the
4 amounts distributed to machine distributors and operators and the
expanded employment opportunities.

6 The bill authorizes working capital advances of \$250,000 to
the Bureau of the Alcoholic Beverages and Lottery Operations and
8 \$500,000 to the Department of Public Safety from the General Fund
Unappropriated Surplus. These advances must be repaid from the
10 first \$750,000 collected by the State from video lottery machines.

12 This bill includes allocations from the Video Lottery Fund
to the Department of Public Safety for enforcement, licensing and
14 payments to municipalities and to the Bureau of Alcoholic
Beverages and Lottery Operations for administrative costs.
16 Allocations from Other Special Revenue funds as a result of
transfers from the Video Lottery Fund are also included to the
18 Office of the Treasurer for state-municipal revenue sharing, the
Department of the Attorney General for enforcement and legal
20 services, the Department of Administrative and Financial Services
for administrative costs and the Department of Agriculture, Food
22 and Rural Resources for distribution by the Harness Racing
Commission as specified in the bill.

24 This bill may also increase prosecutions for Class C and
26 Class D crimes. Sentences of more than 9 months imposed for
Class C crimes must be served in a state correctional
28 institution. The cost to the State per sentence is \$55,711 based
upon an average length of stay of one year and 10 months. The
30 State also must reimburse counties for sentences served in county
jails of 9 months or less for Class C crimes.

32 If a jail sentence is imposed for Class D crimes, the
34 additional costs to the counties are estimated to be \$83.70 per
day per prisoner. These costs are not reimbursed by the State.
36 The number of prosecutions that may result in a jail sentence and
the resulting costs to the county jail system are expected to be
38 insignificant.

40 The Judicial Department may require additional General Fund
appropriations to cover indigent defense costs related to these
42 new cases. The amounts can not be estimated at this time. The
additional workload and administrative costs associated with the
44 minimal number of new cases filed in the court system can be
absorbed within the budgeted resources of the Judicial
46 Department. The collection of additional fines may also increase
General Fund revenue by minor amounts.'

48

COMMITTEE AMENDMENT

R. 018

STATEMENT OF FACT

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This amendment, which is the majority report of the Joint Standing Committee on Legal and Veterans Affairs, strikes and replaces the bill. This amendment does the following:

1. Permits video lottery machines, including tournament video gambling, to be operated after December 1, 1996 under regulation by the State Police and the Bureau of Alcoholic Beverages and Lottery Operations. The following entities, if they meet licensing requirements, may operate the following numbers of video lottery machines:

A. A commercial horse racing track may be licensed to operate up to 150 machines;

B. An off-track betting facility may be licensed to operate up to 50 machines;

C. An agricultural fair licensed to accept pari-mutuel wagers may be licensed to operate up to 5 machines;

D. Incorporated civic organizations may be licensed to operate up to 5 machines;

E. The Passamaquoddy Tribe may be licensed to operate up to 50 machines on Passamaquoddy Indian territory; and

F. The Penobscot Nation may be licensed to operate up to 50 machines on Penobscot Indian territory;

2. Distributes proceeds of the net machine income as follows:

A. Twenty-two percent to the distributor of the machine;

B. Twenty-three percent to the operators of the machine;

C. Nine percent to supplement harness-racing purses;

D. One percent to the Sires Stakes Fund;

E. Two percent to the Agricultural Fair Support Fund, created by the amendment;

F. Two percent to the State Harness Racing Commission for distribution pursuant to the Maine Revised Statutes, Title 8, section 275-J, subsection 3;

G. One percent to the Local Government Fund;

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2 H. An amount sufficient to cover the costs of enforcing and
administering this law to the State Police and the Bureau of
Alcoholic Beverages and Lottery Operations; and

4 I. The remainder to the General Fund;

6 3. Defines "illegal gambling machine";

8 4. Provides that manufacturing, selling, transporting,
10 placing or possessing any illegal gambling machine knowing it is
to be used or is being used in the advancement of unlawful
12 gambling activity is a Class C crime;

14 5. Provides that illegal gambling machines and their
monetary contents are subject to seizure and forfeiture. Seizure
16 may be pursuant to court process or without process if the
seizure is incident to a search, which is in conformity with
18 constitutional requirements governing searches and seizures;

20 6. Provides for a mandatory 6-month suspension of the
liquor licenses of an establishment if the establishment has on
22 premises an illegal gambling machine; and

24 7. Adds an allocation section and a fiscal note to the bill.

26 The Department of Corrections has prepared the following
correctional impact statement for the original bill pursuant to
28 the Maine Revised Statutes, Title 34-A, section 1402:

30 "L.D. 1218, An Act to Amend the Laws Relating to Harness
Racing would create 3 new Class D offenses and 2 new Class C
32 offenses.

34 Sentences imposed for Class D offenses involving
incarceration must be served in a county jail facility. The
36 average length of sentences served for Class D offenses is about
119 days. The average cost per day in a county jail is \$83.22.
38 The projected average cost per sentence for a Class D offense is
\$9,903.

40 Sentences imposed for Class C offenses involving
incarceration of more than 12 months must be served in a state
42 correctional facility. The average length of sentences served
for Class C offenses is about one year and 9 months. The
44 projected average cost per sentence for a Class C offense is
\$48,584. The State also pays a portion of the cost of sentences
46 served in county jails for 12 months or less in this class."

COMMITTEE AMENDMENT