

MAINE STATE LEGISLATURE

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R. of S.

L.D. 1676

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DATE: April 3, 1998

(Filing No. S- 706)

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1185, L.D. 1676, Bill, "An Act to Preserve Live Harness Racing in the State"

Amend the amendment by inserting after the title the following:

'Amend the bill by striking out the title and substituting the following:

'An Act to Authorize Video Gaming Terminals in Certain Locations'

Amend the amendment in the first indented paragraph after the title in the first line (page 1, line 22 in amendment) by striking out the following: "Amend" and inserting in its place the following: 'Further amend'

Further amend the amendment in section 11 in that part designated "~~S361.~~" by striking out all of subsection 9 (page 5, lines 9 to 19 in amendment) and inserting in its place the following:

'9. Illegal gaming machine. "Illegal gaming machine" or "illegal machine" means any electronic device that is not authorized by the Chief of the State Police pursuant to this chapter or that is used in violation of this chapter and that is available to play or simulate the play of a video game, including but not limited to poker, keno, blackjack, line games or a similar game, in which the player may receive, by chance, cash or credits that may be redeemed for cash.'

Further amend the amendment in section 11 by striking out all of that part designated "~~S366.~~" (page 9, lines 40 to 43 in amendment) and inserting in its place the following:

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2
3 '§366. Applicability of chapter 14

4 Except as expressly provided in this chapter, chapter 14
5 does not apply to video gaming terminals. Section 335 relating
6 to the use of proceeds applies to use of net terminal income by
7 licensees described in section 371, subsection 1, paragraph A.'

8 Further amend the amendment in section 11 in that part
9 designated "§371." by striking out all of subsection 1 (page 10,
10 lines 3 to 10 in amendment) and inserting in its place the
11 following:

12 '1. Eligible entities. The Chief of the State Police may
13 issue a license to operate video gaming terminals to:

14
15 A. A person who:

16
17 (1) Is eligible for a license to conduct games of
18 chance pursuant to section 332;

19
20 (2) Is exempt from federal taxation under the Internal
21 Revenue Code, Section 501(c)(3), 501(c)(4), 501(c)(8),
22 501(c)(10) or 501(c)(19); and

23
24 (3) Owns and leases the premises upon which the video
25 gaming terminals will be located and uses those
26 premises to fulfill the primary charitable or nonprofit
27 purpose of the organization. If the premises are
28 leased, the lease must run for a term longer than the
29 license term; or

30
31 B. A person who is licensed under Title 8, chapter 11 to
32 operate a commercial racetrack or an off-track betting
33 facility.

34
35 Notwithstanding paragraph A, an organization that holds a license
36 under section 332 to operate an electronic video machine on the
37 effective date of this chapter is eligible to apply for a license
38 under this section to operate video gaming terminals for up to 18
39 months, as long as the organization applies for federal tax
40 status as required in paragraph A, subparagraph (2). If the
41 Chief of the State Police determines that the organization is
42 making a good faith effort to secure the required tax status, the
43 Chief of the State Police may extend the term of the license for
44 an additional 6 months to allow the United States Internal
45 Revenue Service time to complete processing the tax application.
46 If the organization applied for such status and was rejected
47 within 3 years of the effective date of this section, that
48 organization is not eligible under this subsection.

2 A license granted under this section must specify the maximum
3 number of terminals the licensee may operate on its premises.
4 Licensees described in paragraph A may operate video gaming
5 terminals only during hours when the sale of liquor is
6 permissible under Title 28-A, section 4, subsection 1. Licensees
7 described in paragraph B may operate video gaming terminals only
8 on days and at locations for which they are licensed to accept
9 pari-mutuel wagers.'

10
11 Further amend the amendment in section 11 in that part
12 designated "~~§372.~~" in subsection 1 by striking out the first
13 sentence (page 12, lines 15 to 18 in amendment) and inserting in
14 its place the following: 'The maximum number of video gaming
15 terminals that may be placed on the premises of a licensee is: 3
16 terminals for a licensee described in section 371, subsection 1,
17 paragraph A; 250 terminals for a licensed commercial racetrack;
18 and 50 terminals for a licensed off-track betting facility.'

19
20 Further amend the amendment in section 11 in that part
21 designated "~~§374.~~" in subsection 3 in the 2nd and 3rd lines (page
22 15, lines 23 to 24 in amendment) by striking out the following:
23 "to accept pari-mutuel wagers on horse races" and inserting in
24 its place the following: 'chapter 11 as a commercial harness
25 horse racing track'

26
27 Further amend the amendment in section 11 by striking out
28 all of that part designated "~~§381.~~" (page 20, lines 6 to 18 in
29 amendment) and inserting in its place the following:

30 '§381. Limits on terminal use

31
32 1. Time of play. A licensee may allow a person to play a
33 video gaming terminal only at the following time:

34
35 A. For a licensee described in section 371, subsection 1,
36 paragraph A, a time when the sale of liquor is permissible
37 under Title 28-A, section 4, subsection 1; and

38
39 B. For a licensee described in section 371, subsection 1,
40 paragraph B, any time on a day for which the facility is
41 licensed to accept pari-mutuel wagers.

42
43 2. Age of player. A licensee described in section 371,
44 subsection 1, paragraph A may not permit a person under 21 years
45 of age to play a video gaming terminal. A licensee described in
46 section 371, subsection 1, paragraph B may not permit a person
47 under 18 years of age to play a video gaming terminal.

48
49 3. Time and money limited imposed by licensee. A licensee
50

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1185,
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2 may impose a daily limit on the amount of time or money spent by
3 an individual playing the video gaming terminals on the
4 licensee's premises.

6 4. Play by members and guests; public events. Except as
7 provided in this subsection, only persons who are members of the
8 licensee organization or guests of those members may play a video
9 gaming terminal on the premises of a licensee described in
10 section 371, subsection 1, paragraph A. The licensee may obtain
11 a license to offer the video gaming terminals for public use once
12 every 6 months for a period not to exceed 3 consecutive days.'

14 Further amend the amendment in section 11 in that part
15 designated "~~§383.~~" by striking out all of subsection 2 (page 20,
16 lines 39 to 48 and page 21, lines 1 to 19 in amendment) and
inserting in its place the following:

18 '2. Allocation of net terminal income. Net terminal income
19 from video gaming terminals located on the premises of licensees
20 described in section 371, subsection 1, paragraph A must be
21 allocated pursuant to paragraph A. Net terminal income from
22 video gaming terminals located on the premises of licensees
23 described in section 371, subsection 1, paragraph B must be
24 allocated pursuant to paragraph B.

26 A. Net terminal income must be allocated under this
27 paragraph as follows:

30 (1) Thirty-three and one-third percent must be sent to
31 the Treasurer of State for deposit in the Video Gaming
32 Fund created in section 384;

34 (2) Thirty-three and one-third percent must be paid to
35 the distributor that owns the machine; and

36 (3) Thirty-three and one-third percent must be paid to
37 the licensee.

38 B. Net terminal income must be allocated under this
39 paragraph as follows:

42 (1) Forty percent must be sent to the Treasurer of
43 State for deposit in the Video Gaming Fund created in
44 section 384;

46 (2) Twenty-two percent must be paid to the distributor
47 that owns the machine;

48 (3) Twenty-four percent must be paid to the licensee;

2 (4) Nine percent must be sent to the State Harness
3 Racing Commission to be used to supplement harness
4 horse racing purses and, at the time and manner
5 prescribed in Title 8, section 290, must be distributed
6 by the commission to persons licensed under Title 8,
7 chapter 11 to conduct pari-mutuel races;

8
9
10 (5) One percent must be sent to the State Harness
11 Racing Commission and credited by the Commission to the
12 Sire Stakes Fund created in Title 8, section 281;

13
14 (6) Two percent must be paid to the State Harness
15 Racing Commission and credited by the commission to the
16 Agricultural Fair Support Fund created in Title 7,
17 section 76; and

18 (7) Two percent must be paid to the State Harness
19 Racing Commission and credited by the commission to the
20 Harness Racing Promotional Fund created in Title 8,
21 section 285.'

22
23 Further amend the amendment in section 11 in that part
24 designated "§394." in subsection 1 by striking out all of
25 paragraphs A and B (page 24, lines 9 to 15 in amendment) and
26 inserting in their place the following:

27 'A. Permitting a person under the minimum age set forth in
28 section 381, subsection 2 to play a video gaming terminal;

29 B. Permitting a person to play a video gaming terminal at a
30 time other than a time allowed under section 381, subsection
31 1;'

32
33 Further amend the amendment by inserting after section 12
34 the following:

35
36
37 'Sec. 13. 28-A MRSA §807 is enacted to read:

38
39 §807. Notice to Chief of the State Police

40
41 The commission shall notify the Chief of the State Police of
42 the suspension or revocation of any license issued under this
43 chapter. The commission shall also notify the Chief of the State
44 Police of any investigation of a violation of any provision of
45 this Title.'

46
47 Further amend the amendment by striking out all of sections
48 14 to 16 and inserting in their place the following:

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Sec. 14. Review. The joint standing committee of the Legislature having jurisdiction over video gaming matters shall review this Act not later than 2 years after the effective date of this Act. The committee may report out legislation on gaming matters to the 119th Legislature.

Sec. 15. Working capital advances. The State Controller is authorized to advance from the General Fund Unappropriated Surplus the following amounts to be used for any necessary start-up costs associated with the implementation of a system of video gaming terminals in the State pursuant to the Maine Revised Statutes, Title 8, section 372, subsection 2 and Title 17, chapter 16: \$145,935 to the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations, Video Lottery Fund; \$77,177 to the Department of the Attorney General; and \$868,650 to the Department of Public Safety, Bureau of State Police. Funds advanced for this purpose must be returned to the General Fund Unappropriated Surplus from the first \$1,092,762 received by the State under Title 17, section 383 after the reductions for the Local Government Fund and for the treatment of compulsive gambling required by Title 17, section 383, subsection 5.

Sec. 16. Allocation. The following funds are allocated from the Video Gaming Fund to carry out the purposes of this Act.

1998-99

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

**Bureau of Alcoholic Beverages
and Lottery Operations -
Video Gaming Terminals**

Positions - Legislative Count	(1.000)
Personal Services	\$7,425
All Other	138,510

Provides funds for one Clerk IV position and other costs necessary for administering the revenues collected for the Video Gaming Fund from licensed video gaming terminals.

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES	
TOTAL	<u>\$145,935</u>

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ATTORNEY GENERAL, DEPARTMENT OF THE

Administration - Attorney General

Positions - Legislative Count	(2.000)
Personal Services	\$67,792
All Other	9,385

Allocates funds for one Assistant Attorney General position, one Legal Secretary position and general operating expenses to provide required legal services.

**DEPARTMENT OF THE ATTORNEY
GENERAL
TOTAL**

\$77,177

PUBLIC SAFETY, DEPARTMENT OF

State Police Gaming

Positions - Legislative Count	(7.000)
Personal Services	\$404,865
All Other	245,188
Capital Expenditures	98,900

Provides funds for one State Police Lieutenant position, one State Police Sergeant position, one State Police Detective position, 2 Public Safety Inspector I positions, one Clerk Typist II position, one Clerk Typist III position and general operating expenses required to carry out the enforcement activities of this Act.

**DEPARTMENT OF PUBLIC SAFETY
TOTAL**

\$748,953

TOTAL ALLOCATIONS

\$972,065

Sec. 17. Allocation. The following funds are allocated

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from Other Special Revenue to carry out the purposes of this Act.

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1998-99

**AGRICULTURE, FOOD AND RURAL RESOURCES,
DEPARTMENT OF**

Harness Racing Commission

All Other \$242,393

Provides funds to supplement
harness racing purses.

Harness Racing Commission

All Other 21,333

Provides funds for the Sire
Stakes Fund.

Harness Racing Commission

All Other 56,700

Provides funds for the
Agricultural Fair Support
Fund.

**DEPARTMENT OF AGRICULTURE, FOOD
AND RURAL RESOURCES
TOTAL**

\$320,426

HARNESS RACING PROMOTIONAL BOARD

Harness Racing Promotional Fund

All Other \$54,928

Provides funds for the
Harness Racing Promotional
Fund.

**HARNESS RACING PROMOTIONAL BOARD
TOTAL**

\$54,928

**MENTAL HEALTH, MENTAL RETARDATION
AND SUBSTANCE ABUSE SERVICES,
DEPARTMENT OF**

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1185,
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2 **Compulsive Gambling Programs**

4 All Other \$41,892

6 Provides funds for compulsive
8 gambling programs.

10 **DEPARTMENT OF MENTAL HEALTH, MENTAL
12 RETARDATION AND SUBSTANCE ABUSE
14 SERVICES**

12 **TOTAL** \$41,892

14 **TREASURER, OFFICE OF THE**

16 **State-Municipal Revenue Sharing**

18 All Other \$125,676

20 Allocates additional funds to
22 the state-municipal revenue
24 sharing program resulting
26 from the Local Government
Fund's share of video gaming
machine revenue.

28 **OFFICE OF THE TREASURER
30 TOTAL**

\$125,676

32 **TOTAL ALLOCATIONS** \$542,922

34 **Sec. 18. Effective date.** Those sections of this Act that enact
the Maine Revised Statutes, Title 17, sections 395 and 396 take
effect March 1, 1999.

38 Further amend the amendment by relettering or renumbering
any nonconsecutive Part letter or section number to read
consecutively.

42 Further amend the amendment by striking out all of the
fiscal note and inserting in its place the following:

44 **FISCAL NOTE**

46 **1997-98 1998-99**

48 **APPROPRIATIONS/ALLOCATIONS**

50

Other Funds \$1,539,126

2

4 **REVENUES**

6 General Fund \$650,492
Other Funds 1,539,126

8

10 The State's share of the net terminal income from video
12 gaming machines to be deposited into the Video Gaming Fund is
14 estimated to be \$1,539,000 in fiscal year 1998-99, \$6,471,900 in
16 fiscal year 1999-2000 and \$6,787,800 in fiscal year 2000-01.
18 After funding the administrative and enforcement expenses,
20 providing funds for municipal revenue sharing and for compulsive
22 gambling treatment, transferring funds as dedicated revenue for
specific purposes and accounting for reductions in General Fund
revenue from pari-mutuel wagers and lottery ticket sales, this
bill will generate net additional General Fund revenue of
\$650,492 in fiscal year 1998-99, \$3,650,579 in fiscal year
1999-2000 and \$3,915,714 in fiscal year 2000-01.

24 The components of these revenue estimates include projected
26 decreases in General Fund revenue from lottery sales and
28 pari-mutuel wagers of \$111,336, \$520,709 and \$478,062 in fiscal
30 years 1998-99, 1999-2000 and 2000-01, respectively. These
32 estimates also include Video Gaming Fund revenue from license
34 fees of \$391,600 in fiscal year 1998-99 and \$155,000 annually
beginning in fiscal year 1999-2000. In addition to these
revenues, a substantial but undeterminable amount of additional
income tax revenue will result from the amounts distributed to
machine distributors and operators and the expanded employment
opportunities.

36 The bill authorizes a total working capital advance of
38 \$972,065 to the Department of Administrative and Financial
40 Services, the Department of Public Safety and the Department of
42 the Attorney General from the General Fund Unappropriated
Surplus. These advances must be repaid from the first \$972,065
collected by the State from video gaming machines after
reductions for the Local Government Fund and compulsive gambling
programs.

44 As a result of additional revenues generated by the Video
46 Gaming Fund, the Local Government Fund will receive an additional
48 \$143,780 in fiscal year 1998-99 for municipal revenue sharing.
The estimated future increases in fiscal years 1999-2000 and
2000-01 will be approximately \$782,116 and \$823,833, respectively.

50 As an additional result of revenues generated by the Video

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1185,
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2 Gaming Fund, the Department of Mental Health, Mental Retardation
and Substance Abuse Services will require an initial Other
4 Special Revenue allocation of \$47,927 in fiscal year 1998-99 to
authorize expenditure of the net income designated for the
6 treatment of compulsive gambling. The estimated future amounts
set aside for this purpose in fiscal years 1999-2000 and 2000-01
will be approximately \$260,705 and \$274,611, respectively.

8
10 The Bureau of State Police within the Department of Public
Safety will require an initial Other Special Revenue allocation
12 from the Video Gaming Fund of \$748,953 in fiscal year 1998-99 for
the costs of enforcing the use of licensed video gaming
14 terminals. The estimated future costs in fiscal years 1999-2000
and 2000-01 will be approximately \$716,346 and \$720,263,
respectively.

16
18 The Bureau of Alcoholic Beverages and Lottery Operations
within the Department of Administrative and Financial Services
20 will require an initial Other Special Revenue allocation from the
Video Gaming Fund of \$145,935 in fiscal year 1998-99 for the
22 costs of administering the revenues collected for the Video
Gaming Fund from licensed video gaming terminals. The estimated
24 future costs in fiscal years 1999-2000 and 2000-01 will be
approximately \$613,354 and \$643,161, respectively.

26
28 As another result of additional revenues generated by the
Video Gaming Fund, the Harness Racing Commission within the
Department of Agriculture, Food and Rural Resources will require
30 net additional Other Special Revenue allocations totalling
\$320,426 in fiscal year 1998-99 for the purpose of supplementing
32 harness racing purses, providing additional funds for the Sire
Stakes Fund and providing funds for the Agricultural Fair Support
34 Fund. The estimated future net amounts set aside for these
purposes in fiscal years 1999-2000 and 2000-01 will be
36 approximately \$1,367,150 and \$1,452,597, respectively.

38
40 As a final result of additional revenues generated by the
Video Gaming Fund, the Harness Racing Promotional Board will
require a net additional Other Special Revenue allocation of
42 \$54,928 in fiscal year 1998-99 for the Harness Racing Promotional
Fund. The estimated future net amounts set aside for this
44 purpose in fiscal years 1999-2000 and 2000-01 will be
approximately \$234,360 and \$249,008, respectively.

46
The Department of the Attorney General will require an
additional Video Gaming Fund allocation of \$77,177 in fiscal year
1998-99 for one Assistant Attorney General position and one

SENATE AMENDMENT

secretarial position to handle the additional workload. The
estimated future costs in fiscal years 1999-2000 and 2000-01 will
be \$83,090 and \$87,156, respectively.

This bill may increase prosecutions for Class C crimes.
Sentences of more than nine months imposed for Class C crimes
must be served in state correctional institutions. The cost to
the State per sentence is \$59,803 based upon an average length of
stay of 2 years and 3 months. The State also must reimburse
counties for sentences served in county jails of 9 months or less
for Class C crimes.

This bill may also increase prosecutions for Class D
crimes. If a jail sentence is imposed, the additional costs to
the counties are estimated to be \$86.45 per day per prisoner.
These costs are not reimbursed by the State. The number of
prosecutions that may result in a jail sentence and the resulting
costs to the county jail system are expected to be insignificant.

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

SUMMARY

This amendment merges the provisions of this bill, as
amended in committee, and L.D. 1827, as amended in committee, to
allow the operation of video gaming terminals in certain
nonprofit facilities and at licensed commercial harness racing
tracks and off-track betting facilities. It lowers the number of
terminals allowed in nonprofit facilities from 5 to 3.

The regulatory scheme proposed in the 2 amendments is the
same and is not changed in this amendment. This amendment adds
language allowing operation of video gaming terminals by certain
nonprofit organizations and provides for different hours of play,
minimum age and allocation of net terminal income from video
gaming terminals in the 2 different settings. It also changes
the definition of "illegal machine."

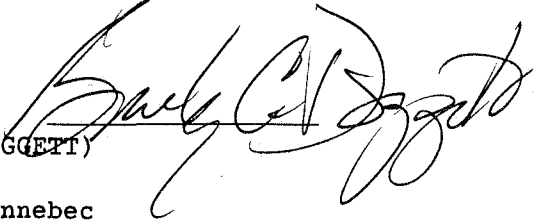
This amendment changes the allocation sections in the
amendment and adds a fiscal note to the bill.

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This amendment requires the joint standing committee of the Legislature having jurisdiction over gaming matters to review this Act within 2 years of the effective date of this Act and to report out legislation.

SPONSORED BY: 
(Senator DAGGETT)

COUNTY: Kennebec