

MAINE STATE LEGISLATURE

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Ads

L.D. 1827

DATE: *March 30, 1998*

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 624, L.D. 1827, Bill, "An Act to Authorize the Operation of Video Gaming Terminals by Certain Nonprofit Organizations"

Amend the amendment by inserting after the 1st indented paragraph after the title 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 1, paragraph F.

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

A of S.

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2 that during the prior year did not accept pari-mutuel wagers on
horse races. The funds must be used by the fairs to improve
4 their fair facilities.

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

10 **Sec. 2. 8 MRSA §275-N**, as amended by PL 1997, c. 528, §33, is
12 further amended to read:

14 **§275-N. Limitations on off-track betting facilities**

16 The commission may not allow interstate simulcasting or
18 license any off-track betting facility for any calendar year
20 unless during the preceding calendar year there were at least
22 150 race dates on which live racing was actually conducted at the
24 commercial tracks. Pari-mutuel facilities may not be licensed to
operate video gaming terminals under Title 17, chapter 16 for any
year during which the total number of race dates actually raced
the previous year at licensed commercial racetracks, as defined
in section 275-A, is less than 150. Interstate simulcasting must
26 always be allowed at any commercial track that conducted at least
28 136 race dates during the immediately preceding calendar year or
30 at an existing commercial track as defined in section 275-A,
32 subsection 1, paragraph B at which at least 35 race dates were
34 conducted during the immediately preceding year. For the
36 purposes of this section, any race date that the commission
38 determines was canceled due to a natural or other disaster must
be counted as a race date.

34 **Sec. 3. 8 MRSA §279-B, sub-§3** is enacted to read:

36 **3. Notification.** The commission shall notify the Chief of
the State Police of the revocation or suspension by the
38 commission or the Administrative Court of a license to operate a
commercial racetrack or an off-track betting parlor.'

40 Further amend the amendment in section 8 by striking out all
42 of that part designated "**§366.**" (page 8, lines 25 to 30 in
amendment) and inserting in its place the following:

44 **'§366. Applicability of chapter 14**

46 Except as expressly provided in this chapter, chapter 14
does not apply to video gaming terminals. Section 335 relating
48 to the use of proceeds applies to use of net terminal income by
licensees described in section 371, subsection 1, paragraph A.'
50

RWS

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2 Further amend the amendment in section 8 in that part
designated "~~§371.~~" by striking out all of subsection 1 (page 8,
4 lines 36 to 52 and page 9, lines 2 to 16 in amendment) and
inserting in its place the following:

6 1. Eligible entities. The Chief of the State Police may
issue a license to operate video gaming terminals to the
8 following persons.

10 A. A person who:

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

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

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

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

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

44 A license granted under this section must specify the maximum
46 number of terminals the licensee may operate on its premises.
Licensees described in paragraph A may operate video gaming
48 terminals only during hours when the sale of liquor is
permissible under Title 28-A, section 4, subsection 1. Licensees
50 described in paragraph B may operate video gaming terminals only

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2 on days and at locations for which they are licensed to accept
pari-mutuel wagers.'

4 Further amend the amendment in section 8 in that part
designated "~~§371.~~" in subsection 3 in the last line (page 10,
6 line 36 in amendment) by inserting after the following:
"located." the following: 'This local approval requirement does
8 not apply to persons who were licensed to operate a commercial
racetrack or off-track betting facility on the effective date of
10 this chapter and whose license has not lapsed from that date
until the date of application under this chapter.'

12 Further amend the amendment in section 8 in that part
14 designated "~~§372.~~" in subsection 1 by striking out the first
sentence (page 11, lines 17 and 18 in amendment) and inserting in
16 its place the following: 'The maximum number of video gaming
terminals that may be placed on the premises of a licensee is: 5
18 terminals for a licensee described in section 371, subsection 1,
paragraph A; 250 terminals for a licensed commercial racetrack;
20 and 50 terminals for a licensed off-track betting facility.'

22 Further amend the amendment in section 8 in that part
designated "~~§374.~~" by inserting after subsection 2 the following:

24 '3. Limited multiple licenses. Notwithstanding subsection
26 2, an entity licensed under Title 8 to accept pari-mutuel wagers
on horse races and that holds a Level 3 license may receive a
28 Level 2 license that must be limited to allow the licensee to
negotiate as a distributor directly with a manufacturer or
30 wholesaler for the acquisition of video gaming terminals to be
placed only at that licensee's facility. A contract between a
32 licensee and the manufacturer or wholesaler may not provide for
payments to the manufacturer or wholesaler based on the funds
34 generated by the video gaming terminals.'

36 Further amend the amendment in section 8 in that part
designated "~~§374.~~" in subsection 3 in the first line (page 14,
38 line 22 in amendment) by striking out the following: "~~3.~~" and
inserting in its place the following: '4.'

40 Further amend the amendment in section 8 in that part
designated "~~§381.~~" (page 18, lines 44 to 49 and page 19, lines 1
42 to 15 in amendment) and inserting in its place the following:

44 '§381. Limits on terminal use.

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

SENATE AMENDMENT

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

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

10 2. Age of player. A licensee described in section 371,
subsection 1, paragraph A may not permit a person under 21 years
12 of age to play a video gaming terminal. A licensee described in
section 371, subsection 1, paragraph B may not permit a person
14 under 18 years of age to play a video gaming terminal.

16 3. Time and money limited imposed by licensee. A licensee
may impose a daily limit on the amount of time or money spent by
18 an individual playing the video gaming terminals on the
licensee's premises.

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

28 Further amend the amendment in section 8 in that part
30 designated "~~§383.~~" by striking out all of subsection 2 (page 19,
lines 36 to 47 in amendment) and inserting in its place the
32 following:

34 '2. Allocation of net terminal income. Net terminal income
from video gaming terminals located on the premises of licensees
36 described in section 371, subsection 1, paragraph A must be
allocated pursuant to paragraph A. Net terminal income from
38 video gaming terminals located on the premises of licensees
described in section 371, subsection 1, paragraph B must be
40 allocated pursuant to paragraph B.

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

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

48 (2) Thirty-three and one-third percent must be paid to
the distributor that owns the machine; and
50

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

4 B. Net terminal income must be allocated under this
5 paragraph as follows:

6 (1) Forty percent must be sent to the Treasurer of
7 State for deposit in the Video Gaming Fund created in
8 section 384;

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

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

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

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

21 (6) Two percent must be paid to the State Harness
22 Racing Commission and credited by the commission to the
23 Agricultural Fair Support Fund created in Title 7,
24 section 76; and

25 (7) Two percent must be paid to the State Harness
26 Racing Commission and credited by the commission to the
27 Harness Racing Promotional Fund created in Title 8,
28 section 285.'

29 Further amend the amendment in section 8 in that part
30 designated "~~§394.~~" in subsection 1 by striking out all of
31 paragraphs A and B (page 22, lines 36 to 42 in amendment) and
32 inserting in their place the following:

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

35 B. Permitting a person to play a video gaming terminal at a
36 time other than a time allowed under section 381, subsection
37 1;'

38 Further amendment the amendment by striking out all of
39 section 12 and inserting in its place the following:

2 **Sec. 12. Working capital advances.** The State Controller is
4 authorized to advance from the General Fund Unappropriated
6 Surplus the following amounts to be used for any necessary
8 start-up costs associated with the implementation of a system of
10 video gaming terminals in the State pursuant to the Maine Revised
12 Statutes, Title 8, section 372, subsection 2 and Title 17,
14 chapter 16: \$145,935 to the Department of Administrative and
16 Financial Services, Bureau of Alcoholic Beverages and Lottery
18 Operations, Video Lottery Fund; \$77,177 to the Department of the
20 Attorney General; and \$868,650 to the Department of Public
22 Safety, Bureau of State Police. Funds advanced for this purpose
24 must be returned to the General Fund Unappropriated Surplus from
26 the first \$1,092,762 received by the State under Title 17,
28 section 383 after the reductions for the Local Government Fund
30 and for the treatment of compulsive gambling required by Title
32 17, section 383, subsection 5.

18 **Sec. 13. Allocation.** The following funds are allocated from
20 the Video Gaming Fund to carry out the purposes of this Act.

22 **1998-99**

24 **ADMINISTRATIVE AND FINANCIAL SERVICES,
26 DEPARTMENT OF**

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

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

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

40 **DEPARTMENT OF ADMINISTRATIVE AND
42 FINANCIAL SERVICES**

TOTAL

\$145,935

44 **ATTORNEY GENERAL, DEPARTMENT OF THE**

46 **Administration - Attorney General**

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

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

6 DEPARTMENT OF THE ATTORNEY
GENERAL
8 TOTAL

\$77,177

10 PUBLIC SAFETY, DEPARTMENT OF

12 State Police Gaming

14 Positions - Legislative Count (9,000)
15 Personal Services \$498,312
16 All Other 253,938
17 Capital Expenditures 117,400

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

28 DEPARTMENT OF PUBLIC SAFETY
TOTAL

\$869,650

32 TOTAL ALLOCATIONS

\$1,092,762

34 Sec. 14. Allocation. The following funds are allocated from
35 Other Special Revenue to carry out the purposes of this Act.

36

1998-99

38

40 AGRICULTURE, FOOD AND RURAL RESOURCES,
DEPARTMENT OF

42 Harness Racing Commission

44 All Other \$242,393

46 Provides funds to supplement harness racing
47 purses.

48

Harness Racing Commission

2 All Other \$21,333

4 Provides funds for the Sire Stakes Fund.

6

Harness Racing Commission

8 All Other \$56,700

10 Provides funds for the Agricultural Fair
12 Support Fund.

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

16 TOTAL \$320,426

18 HARNESS RACING PROMOTIONAL BOARD

20 Harness Racing Promotional Fund

22 All Other \$54,928

24 Provides funds for the Harness Racing
Promotional Fund.

26

**28 HARNESS RACING PROMOTIONAL BOARD
TOTAL**

\$54,928

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

34 Compulsive Gambling Programs

36 All Other \$41,892

38 Provides funds for compulsive gambling
programs.

40

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

44 TOTAL \$41,892

46 TREASURER, OFFICE OF THE

48 State-Municipal Revenue Sharing

50 All Other \$125,676

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

6
7 **OFFICE OF THE TREASURER**
8 **TOTAL** \$125,676

10 **TOTAL ALLOCATIONS** \$542,922'

12
13 Further amend the amendment by relettering or renumbering
14 any nonconsecutive Part letter or section number to read
15 consecutively.

16
17 Further amend the amendment by striking out all of the
18 fiscal note and inserting in its place the following:

20
21 **FISCAL NOTE**

22 **1998-99**

24 **APPROPRIATIONS/ALLOCATIONS**

26 Other Funds \$1,635,684

28
29 **REVENUES**

32 General Fund \$553,934
33 Other Funds \$1,635,684

34
35 The State's share of the net terminal income from video
36 gaming machines to be deposited into the Video Gaming Fund is
37 estimated to be \$1,539,000 in fiscal year 1998-99, \$7,288,650 in
38 fiscal year 1999-2000 and \$7,885,800 in fiscal year 2000-01.
39 After funding the administrative and enforcement expenses,
40 providing funds for municipal revenue sharing and for compulsive
41 gambling treatment, transferring funds as dedicated revenue for
42 specific purposes and accounting for reductions in General Fund
43 revenue from pari-mutuel wagers and lottery ticket sales, this
44 bill will generate net additional General Fund revenue of
45 \$553,934 in fiscal year 1998-99, \$3,950,942 in fiscal year
46 1999-2000 and \$4,371,922 in fiscal year 2000-01.

48
49 The components of these revenue estimates include projected
50 decreases in General Fund revenue from lottery sales and

2 pari-mutuel wagers of \$111,336, \$758,383 and \$764,640 in fiscal
years 1998-99, 1999-2000 and 2000-01, respectively. These
4 estimates also include Video Gaming Fund revenue from license
fees of \$391,600 in fiscal year 1998-99 and \$180,000 annually
6 beginning in fiscal year 1999-2000. In addition to these
revenues, a substantial but undeterminable amount of additional
8 income tax revenue will result from the amounts distributed to
machine distributors and operators and the expanded employment
opportunities.

10
12 The bill authorizes a total working capital advance of
\$1,092,762 to the Department of Administrative and Financial
14 Services, the Department of Public Safety and the Department of
the Attorney General from the General Fund Unappropriated
16 Surplus. These advances must be repaid from the first \$1,092,762
collected by the State from video gaming machines after
18 reductions for the Local Government Fund and compulsive gambling
programs.

20 As a result of additional revenues generated by the Video
Gaming Fund, the Local Government Fund will receive an additional
22 \$125,676 in fiscal year 1998-99 for municipal revenue sharing.
The estimated future increases in fiscal years 1999-2000 and
24 2000-01 will be approximately \$882,998 and \$963,105, respectively.

26 As an additional result of revenues generated by the Video
Gaming Fund, the Department of Mental Health, Mental Retardation
28 and Substance Abuse Services will require an initial Other
Special Revenue allocation of \$41,892 in fiscal year 1998-99 to
30 authorize expenditure of the net income designated for the
treatment of compulsive gambling. The estimated future amounts
32 set aside for this purpose in fiscal years 1999-2000 and 2000-01
will be approximately \$294,333 and \$321,035, respectively.

34
36 The Bureau of State Police within the Department of Public
Safety will require an initial Other Special Revenue allocation
38 from the Video Gaming Fund of \$869,650 in fiscal year 1998-99 for
the costs of enforcing the use of licensed video gaming
terminals. The estimated future costs in fiscal years 1999-2000
40 and 2000-01 will be approximately \$812,043 and \$815,960,
respectively.

42
44 The Bureau of Alcoholic Beverages and Lottery Operations
within the Department of Administrative and Financial Services
will require an initial Other Special Revenue allocation from the
46 Video Gaming Fund of \$145,935 in fiscal year 1998-99 for the
costs of administering the revenues collected for the Video
48 Gaming Fund from licensed video gaming terminals. The estimated
future costs in fiscal years 1999-2000 and 2000-01 will be
50 approximately \$686,861 and \$741,981, respectively.

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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 net additional Other Special Revenue allocations totalling \$320,426 in fiscal year 1998-99 for the purpose of supplementing harness racing purses, providing additional funds for the Sire Stakes Fund and providing funds for the Agricultural Fair Support Fund. The estimated future net amounts set aside for these purposes in fiscal years 1999-2000 and 2000-01 will be approximately \$1,367,150 and \$1,452,597, respectively.

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 \$54,928 in fiscal year 1998-99 for the Harness Racing Promotional Fund. The estimated future net amounts set aside for this purpose in fiscal years 1999-2000 and 2000-01 will be approximately \$234,360 and \$249,008, respectively.

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 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.'

2

SUMMARY

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This amendment merges the provisions of this bill, as amended in committee, and L.D. 1676, 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.

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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 at tracks and off-track betting facilities and provides for different hours of play, minimum age and allocation of net terminal income from video gaming terminals in the 2 different settings.

12

14

16

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

18

20

22

SPONSORED BY:
(Senator DAGGETT)

24

COUNTY: Kennebec

26