

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

MAJORITY

L.D. 1354

DATE: 6-2-03

(Filing No. H-546)

MAJORITY  
LEGAL AND VETERANS AFFAIRS

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
121ST LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354, Bill, "An Act To Permit Video Gaming for Money Conducted by Nonprofit Organizations"

Amend the bill in section 3 in paragraph K in the last line (page 1, line 22 in L.D.) by inserting after the following: "Police" the following: 'or the chief's designee'

Further amend the bill in section 6 in paragraph N in the 4th line (page 2, line 1 in L.D.) by striking out the following: "routine technical" and inserting in its place the following: 'major substantive'

Further amend the bill in section 8 in that part designated "§361." in subsection 9 by inserting at the end a new blocked paragraph to read:

' "Illegal gaming machine" does not include those machines owned or leased by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations and operated in accordance with this chapter.'

Further amend the bill in section 8 in that part designated "§361." by striking out all of subsection 15 (page 4, lines 1 to 3 in L.D.)

Further amend the bill in section 8 in that part designated "§361." by renumbering the subsections to read consecutively.

COMMITTEE AMENDMENT

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354

2 Further amend the bill in section 8 in that part designated  
3 "~~§364.~~" in subsection 1 in paragraph C in the 3rd and 4th lines  
4 (page 5, lines 1 and 2 in L.D.) by striking out the following:  
5 "routine technical" and inserting in its place the following:  
6 'major substantive'

8 Further amend the bill in section 8 in that part designated  
9 "~~§364.~~" in subsection 2 in paragraph B in the first line (page 5,  
10 line 18 in L.D.) by striking out the following: "routine  
11 technical" and inserting in its place the following: 'major  
12 substantive'

14 Further amend the bill in section 8 in that part designated  
15 "~~§364.~~" in subsection 2 in paragraph B in subparagraph (7) in the  
16 last line (page 5, line 45 in L.D.) by inserting after the  
17 following: "located;" the following: 'and'

18 Further amend the bill in section 8 in that part designated  
19 "~~§364.~~" in subsection 2 in paragraph C in subparagraph (4) in the  
20 last line (page 6, line 11 in L.D.) by striking out the  
21 following: "; and" and inserting in its place the following: '.'

24 Further amend the bill in section 8 in that part designated  
25 "~~§364.~~" in subsection 2 by striking out all of paragraph D (page  
26 6, lines 13 and 14 in L.D.)

28 Further amend the bill in section 8 in that part designated  
29 "~~§365.~~" in subsection 1 in paragraph A in the 4th and 5th lines  
30 (page 6, lines 24 and 25 in L.D.) by striking out the following:  
31 "routine technical" and inserting in its place the following:  
32 'major substantive'

34 Further amend the bill in section 8 in that part designated  
35 "~~§365.~~" in subsection 2 by inserting before paragraph A the  
36 following:

38 'A. Contract to purchase or lease video lottery terminals  
39 and place or cause to be placed video lottery terminals on  
40 premises licensed under this chapter;'

42 Further amend the bill in section 8 in that part designated  
43 "~~§365.~~" in subsection 2 by relettering the paragraphs to read  
44 consecutively.

46 Further amend the bill in section 8 in that part designated  
47 "~~§371.~~" in subsection 1 in paragraph B in the 2nd line (page 8,  
48 line 15 in L.D.) by striking out the following: "501(c)(3),  
49 501(c)(4)."

50

H. 018

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354

2 Further amend the bill in section 8 in that part designated  
"§371." in subsection 1 by striking out all of the last blocked  
paragraph (page 8 lines 24 to 38 in L.D.)

4  
6 Further amend the bill in section 8 in that part designated  
"§371." in subsection 3 in the 2nd line (page 10, line 2 in L.D.)  
by inserting after the following: "issue" the following: 'or  
renew'

10 Further amend the bill in section 8 in that part designated  
"§371." in subsection 3 in the 3rd line (page 10, line 3 in L.D.)  
by inserting after the following: "license" the following: 'or  
renewal'

14  
16 Further amend the bill in section 8 in that part designated  
"§371." in subsection 4 in paragraph C in the last line (page 10,  
line 35 in L.D.) by inserting after the following: "applicant."  
18 the following: 'Denial of an initial application and refusal to  
renew a license by the municipal officers is subject to appeal to  
20 the Chief of the State Police.'

22 Further amend the bill in section 8 in that part designated  
"§372." by striking out all of subsections 2 and 3 (page 10,  
24 lines 48 to 50 and page 11, lines 1 to 12 in L.D.)

26 Further amend the bill in section 8 in that part designated  
"§373." in subsection 1 in the 3rd line (page 11, line 18 in  
28 L.D.) by inserting after the following: "Police" the following:  
'and owned or leased and placed in a licensed facility by the  
30 Bureau of Alcoholic Beverages and Lottery Operations'

32 Further amend the bill in section 8 in that part designated  
"§373." in subsection 2 in paragraph F in the first and 2nd lines  
34 (page 11, lines 43 and 44 in L.D.) by striking out the  
following: "After completion of the 5-year phase-in period  
36 described in subsection 3, must" and inserting in its place the  
following: 'Must'

38  
40 Further amend the bill in section 8 in that part designated  
"§373." in subsection 2 in paragraph G in the first and 2nd lines  
(page 12, lines 1 and 2 in L.D.) by striking out the following:  
42 "After completion of the 5-year phase-in period described in  
subsection 3, must" and inserting in its place the following:  
44 'Must'

46 Further amend the bill in section 8 in that part designated  
"§373." in subsection 2 in paragraph H in the first and 2nd lines  
48 (page 12, lines 10 and 11 in L.D.) by striking out the  
following: "After completion of the 5-year phase-in period

R.O.S.

- 2 described in subsection 3, must" and inserting in its place the following: 'Must'
- 4 Further amend the bill in section 8 in that part designated "~~§373.~~" in subsection 2 in paragraph I in the first and 2nd lines (page 12, lines 19 and 20 in L.D.) by striking out the following: "After completion of the 5-year phase-in period described in subsection 3, must" and inserting in its place the following: 'Must'
- 6
- 8
- 10 Further amend the bill in section 8 in that part designated "~~§373.~~" by striking out all of subsection 3 (page 12, lines 24 to 30 in L.D.)
- 12
- 14 Further amend the bill in section 8 in that part designated "~~§373.~~" by renumbering the subsections to read consecutively.
- 16
- 18 Further amend the bill in section 8 in that part designated "~~§375.~~" in subsection 2 in the first line (page 14, line 39 in L.D.) by striking out the following: "The" and inserting in its place the following: 'Each'
- 20
- 22 Further amend the bill in section 8 in that part designated "~~§375.~~" in subsection 3 in the 2nd line (page 15, line 7 in L.D.) by inserting after the following: "Police" the following: 'or the chief's designee'
- 24
- 26
- 28 Further amend the bill in section 8 in that part designated "~~§376.~~" in subsection 1 in paragraph A in the last line (page 16, line 13 in L.D.) by striking out the following: "\$5,000" and inserting in its place the following: '\$3,500'
- 30
- 32 Further amend the bill in section 8 in that part designated "~~§376.~~" in subsection 1 in paragraph B in the last line (page 16, line 17 in L.D.) by striking out the following: "\$5,000" and inserting in its place the following: '\$3,500'
- 34
- 36
- 38 Further amend the bill in section 8 in that part designated "~~§376.~~" in subsection 1 in paragraph C in the last line (page 16, line 21 in L.D.) by striking out the following: "\$600" and inserting in its place the following: '\$500'
- 40
- 42 Further amend the bill in section 8 in that part designated "~~§381.~~" in subsection 1 in the last line (page 18, line 2 in L.D.) by inserting after the following: "subsection 1." the following: 'If an operator licensed under this chapter does not have a license to sell liquor, the hours of play are limited to the hours when the sale of liquor is permissible under Title 28-A, section 4, subsection 1.'
- 44
- 46
- 48
- 50

Further amend the bill in section 8 in that part designated "~~§381.~~" by inserting after subsection 4 the following:

'5. Suspension of liquor license. If at any time the liquor license of an operator licensed by this chapter is suspended or revoked, the license to operate video lottery terminals is suspended until the liquor license is reinstated.'

'6. Operation of video lottery terminals separate from conduct of beano. If an operator licensed under this chapter is also licensed to conduct beano, the operation of beano must be kept physically separate from the operation of video lottery terminals.'

Further amend the bill in section 8 in that part designated "~~§383.~~" by striking out all of subsection 1 and inserting in its place the following:

'1. Allocation of net terminal income. Net terminal income must be allocated as follows.'

A. Twenty-three percent must be sent to the Treasurer of State for deposit in the Video Gaming Fund established in section 384.

B. Two percent must be sent to the Treasurer of State for deposit in the Compulsive Gambling Rehabilitation Fund established in Title 22, section 1700-A.

C. Seventy-five percent must be paid to the licensee. If a licensee has obtained use of a video gaming terminal from a state-certified distributor, the distributor must be paid, pursuant to an agreement between the licensee and the distributor, out of the funds received by the licensee under this paragraph.'

Further amend the bill in section 8 in that part designated "~~§383.~~" by striking out all of subsection 3 and inserting in its place the following:

'3. Use of state share. At the end of each fiscal year beginning after June 30, 2005, the Treasurer of State shall transfer to the Local Government Fund created in Title 30-A, section 5681 an amount equal to 50% of the state share of net terminal income derived from video gaming terminals during that fiscal year, net of state administrative costs. Not later than 30 days after the end of each fiscal year, the Treasurer of State shall issue to municipalities that host an organization licensed to operate video lottery terminals all unexpended amounts of the

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354

2 state share, in proportion to the amount generated by video  
3 lottery terminals operated in that municipality.'

4 Further amend the bill in section 8 in that part designated  
5 "~~§384.~~" in subsection 2 by striking out all of paragraphs A to D  
6 (page 19, lines 43 to 50 and page 20, lines 2 and 3 in L.D.) and  
7 inserting in their place the following:

8  
9 'A. For expenses incurred in implementing or enforcing this  
10 chapter that do not exceed 2% of the fund; and

11 B. For payment to the Local Government Fund pursuant to  
12 section 383.'

13 Further amend the bill in section 8 in that part designated  
14 "~~§394.~~" in subsection 1 in the first line (page 21, line 17 in  
15 L.D.) by inserting after the following: "who" the following:  
16 'negligently'

17 Further amend the bill in section 8 in that part designated  
18 "~~§394.~~" in subsection 2 in the first line (page 21, line 37 in  
19 L.D.) by inserting after the following: "who" the following:  
20 'negligently'

21 Further amend the bill in section 8 in that part designated  
22 "~~§395.~~" by striking out all of subsection 1 (page 22, lines 14  
23 and 15 in L.D.) and inserting in its place the following:

24  
25 '1. Forfeiture. An illegal gaming machine, including any  
26 monetary contents and any funds that have passed through the  
27 machine since the commission of the illegal act, is subject to  
28 forfeiture to the State.'

29 Further amend the bill in section 8 in that part designated  
30 "~~§396.~~" in subsection 1 by striking out all of the last sentence  
31 (page 24, lines 46 to 49 in L.D.)

32 Further amend the bill in section 8 in that part designated  
33 "~~§399.~~" in the first line (page 27, line 15 in L.D.) by striking  
34 out the following: "routine technical" and inserting in its  
35 place the following: 'major substantive'

36 Further amend the bill in section 9 in that part designated  
37 "~~§1700-A.~~" by striking out all of subsection 2 (page 27, lines 33  
38 to 37 in L.D.) and inserting in its place the following:

39 '2. Administration. The Department of Behavioral and  
40 Developmental Services shall administer the fund through the  
41 Office of Substance Abuse and shall adopt rules as necessary to  
42 administer the fund and to determine the criteria for eligible  
43 persons for the fund.'

# COMMITTEE AMENDMENT

recipients. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.'

Further amend the bill by striking out all of section 13 and inserting in its place the following:

'Sec. 13. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Nonprofit Gaming**

Initiative: Appropriates funds for one Clerk III position, one Clerk IV position, the costs of leasing video gaming terminals, the costs of providing a computerized monitoring system and other operational costs.

<b>General Fund</b>	<b>2003-04</b>	<b>2004-05</b>
Positions - Legislative Count	(2,000)	(2,000)
Personal Services	\$27,145	\$81,518
All Other	729,565	2,589,750
	<hr/>	<hr/>
General Fund Total	\$756,710	\$2,671,268

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF DEPARTMENT TOTALS**

	<b>2003-04</b>	<b>2004-05</b>
<b>GENERAL FUND</b>	<b>\$756,710</b>	<b>\$2,671,268</b>
	<hr/>	<hr/>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$756,710</b>	<b>\$2,671,268</b>

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

**Harness Racing Commission 0320**

Initiative: Deallocates funds to reflect a loss of dedicated revenues.

<b>Other Special Revenue Funds</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	(\$9,072)	(\$37,014)
	<hr/>	<hr/>
Other Special Revenue Funds Total	(\$9,072)	(\$37,014)

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

	<b>2003-04</b>	<b>2004-05</b>



2	OTHER SPECIAL REVENUE FUNDS	( \$9,072 )	( \$37,014 )
4	DEPARTMENT TOTAL - ALL FUNDS	<u>( \$9,072 )</u>	<u>( \$37,014 )</u>
6	ATTORNEY GENERAL, DEPARTMENT OF THE		
8	Administration - Attorney General 0310		
10	Initiative: Provides funds for an Assistant Attorney General		
12	position to assist in rulemaking, forfeitures, license		
	application denial appeals and other required legal services.		
14	General Fund	2003-04	2004-05
	Positions - Legislative Count	(1.000)	(1.000)
16	Personal Services	\$46,676	\$62,234
	All Other	6,498	8,664
18	General Fund Total	<u>\$53,174</u>	<u>\$70,898</u>
20	ATTORNEY GENERAL, DEPARTMENT OF THE		
22	DEPARTMENT TOTALS		
24	GENERAL FUND	\$53,174	\$70,898
26	DEPARTMENT TOTAL - ALL FUNDS	<u>\$53,174</u>	<u>\$70,898</u>
28	BEHAVIORAL AND DEVELOPMENTAL		
30	SERVICES, DEPARTMENT OF		
32	Office of Substance Abuse 0679		
34	Initiative: Allocates funds for the newly established Compulsive		
	Gambler Rehabilitation Fund.		
36	Other Special Revenue Funds	2003-04	2004-05
	All Other	\$47,250	\$192,780
38	Other Special Revenue Funds Total	<u>\$47,250</u>	<u>\$192,780</u>
40	BEHAVIORAL AND DEVELOPMENTAL		
42	SERVICES, DEPARTMENT OF		
44	DEPARTMENT TOTALS		
46	OTHER SPECIAL REVENUE FUNDS	\$47,250	\$192,780
48	DEPARTMENT TOTAL - ALL FUNDS	<u>\$47,250</u>	<u>\$192,780</u>
50	PUBLIC SAFETY, DEPARTMENT OF		

**State Police - Nonprofit Gaming Enforcement**

Initiative: Appropriates funds for one Sergeant position, one Detective position, 3 Public Safety Inspector I positions, one Clerk Typist III position, one Clerk Typist II position and a portion of the operating costs necessary to enforce the legal requirements of nonprofit video gaming.

<b>General Fund</b>	<b>2003-04</b>	<b>2004-05</b>
Positions - Legislative Count	(7,000)	(7,000)
Personal Services	\$357,034	\$482,940
All Other	78,516	55,699
<b>General Fund Total</b>	<b>\$435,550</b>	<b>\$538,639</b>

**State Police - Nonprofit Gaming Enforcement**

Initiative: Allocates funds for a portion of the operating costs necessary to enforce the legal requirements of nonprofit video gaming.

<b>Other Special Revenue Funds</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	\$31,116	\$57,979
<b>Other Special Revenue Funds Total</b>	<b>\$31,116</b>	<b>\$57,979</b>

**PUBLIC SAFETY, DEPARTMENT OF  
DEPARTMENT TOTALS**

	<b>2003-04</b>	<b>2004-05</b>
<b>GENERAL FUND</b>	<b>\$435,550</b>	<b>\$538,639</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>31,116</b>	<b>57,979</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$466,666</b>	<b>\$596,618</b>

**TREASURER OF STATE, OFFICE OF**

**Nonprofit Gaming - Municipal Distribution**

Initiative: Allocates funds for the distribution of funds to those municipalities who are hosts to licensed nonprofit video gaming operators.

<b>Other Special Revenue Funds</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	\$1,372,197	\$2,556,892
<b>Other Special Revenue Funds Total</b>	<b>\$1,372,197</b>	<b>\$2,556,892</b>

**State - Municipal Revenue Sharing 0020**

10/2/04

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354

2 Initiative: Allocates funds to reflect the distribution of funds from the Video Gaming Fund.

4	<b>Other Special Revenue Funds</b>	<b>2003-04</b>	<b>2004-05</b>
	All Other	\$152,466	\$284,099
6			
	Other Special Revenue Funds Total	\$152,466	\$284,099

8	<b>TREASURER OF STATE, OFFICE OF</b>		
10	<b>DEPARTMENT TOTALS</b>	<b>2003-04</b>	<b>2004-05</b>
12	OTHER SPECIAL REVENUE FUNDS	\$1,524,663	\$2,840,991
14	DEPARTMENT TOTAL - ALL FUNDS	\$1,524,663	\$2,840,991

16	<b>SECTION TOTALS</b>	<b>2003-04</b>	<b>2004-05</b>
18	GENERAL FUND	\$1,245,434	\$3,280,805
	OTHER SPECIAL REVENUE FUNDS	1,593,957	3,054,736
20	SECTION TOTAL - ALL FUNDS	\$2,839,391	\$6,335,541'

22 Further amend the bill by relettering or renumbering any  
24 nonconsecutive Part letter or section number to read  
consecutively.

28 **SUMMARY**

30 This amendment restricts the types of nonprofit  
32 organizations eligible for a license to operate video gaming  
terminals. It removes from eligibility organizations that are  
34 exempt from federal tax under Internal Revenue Code, Sections  
501(c)(3) and 501(c)(4). It maintains organizations that are  
36 eligible for games of chance licenses and that are exempt from  
federal tax under Internal Revenue Code, Section 501(c)(8),  
501(c)(10) or 501(c)(19). These sections of the tax code refer  
38 to fraternal benefit societies, domestic fraternal societies and  
associations and veterans' organizations. The organization  
40 applying for the license must own or lease the premises on which  
the terminals will be placed and must use the premises for its  
42 charitable or nonprofit purpose.

44 Under this amendment, video lottery terminals operated by  
organizations licensed under this amendment must be owned or  
46 leased by the Department of Administrative and Financial  
Services, Bureau of Alcoholic Beverages and Lottery Operations.  
48 Video gaming terminal manufacturers, wholesalers and operators  
must be licensed by the Chief of the State Police, following  
50 background investigations of the applicants and their major

**COMMITTEE AMENDMENT**

business partners. Local approval is required for a license to operate video gaming terminals. The amendment specifies that local approval is also required for renewal of a license to operate video gaming terminals and that municipal decisions are subject to appeal to the Chief of the State Police in accordance with the Maine Administrative Procedure Act.

The license specifies the number of terminals allowed on the premises; the maximum number of terminals allowed is 5 per licensee. Terminals must be licensed by the Chief of the State Police and must be connected to a computer system operated by the Director of the Bureau of Alcoholic Beverages and Lottery Operations. Persons under 21 years of age are not allowed to use the machines. The amendment specifies that if an organization's liquor license is suspended, the license to operate video gaming terminals is also suspended until the liquor license is reinstated. Only members of the organization and their guests are allowed to play. The maximum dollar amount for each play is \$5 and the maximum payout is \$1,250. Each game on each machine must return at least 80% of wagers to players, calculated on an annual basis.

Net terminal income, which is income after payback to players, is divided among the state, the municipalities, a compulsive gambling fund for prevention and treatment of compulsive gambling and the charitable organization. Two percent of the net terminal income goes to the Compulsive Gambler Rehabilitation Fund and 75% to the licensee. Twenty-three percent of the income goes to the State for payment into the Video Gaming Fund for administrative expenses not to exceed 2%; the rest of the Video Gaming Fund is divided between municipal revenue sharing and the municipalities that host the organizations that operate video lottery terminals. Host municipalities receive their share in proportion to the amount of revenue that is generated by video gaming terminals in their municipality.

Licenses are issued for one year. The amendment reduces the fees proposed by the bill. The license fee per terminal is \$500, and for wholesalers, manufacturers and operators, the fee is \$3,500. Applicants for an initial license must pay the actual costs of processing the application and performing the background investigation.

The amendment also specifies that any rules put forth by the Bureau of Alcoholic Beverages and Lottery Operations and the

COMMITTEE AMENDMENT "A" to H.P. 996, L.D. 1354

Chief of the State Police to administer and enforce the laws related to video gaming by nonprofits are major substantive rules.

The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**  
(See attached)

**COMMITTEE AMENDMENT**

**121st Maine Legislature  
Office of Fiscal and Program Review**

**LD 1354**

**An Act To Permit Video Gaming for Money Conducted by Nonprofit  
Organizations**

**LR 0540(02)**

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Legal and Veterans Services**

**Fiscal Note Required: Yes**

**Fiscal Note**

	<b>2003-04</b>	<b>2004-05</b>	<b>Projections 2005-06</b>	<b>Projections 2006-07</b>
<b>Net Cost (Savings)</b>				
General Fund	\$1,321,034	\$3,589,253	\$3,644,502	\$3,700,865
<b>Appropriations/Allocations</b>				
General Fund	\$1,245,434	\$3,280,805	\$3,329,885	\$3,379,956
Other Special Revenue Funds	\$1,593,957	\$3,054,736	\$3,102,191	\$3,150,595
<b>Revenue</b>				
General Fund	(\$75,600)	(\$308,448)	(\$314,617)	(\$320,909)
Other Special Revenue Funds	\$1,593,957	\$3,054,736	\$3,102,191	\$3,150,595

**Correctional and Judicial Impact Statements**

Establishes new Class C and D crimes; increases correctional and judicial costs

**Fiscal Detail and Notes**

This bill specifies that at least 80% of the gross terminal revenue must be paid back to users of the video gaming terminals. The remaining 20% of revenue collected by eligible nonprofit organizations that elect to become licensed as video gaming terminal operators will be distributed as follows: 75% is kept by the licensee; 23% goes to the Video Gaming Fund; and 2% goes to the Compulsive Gambler Rehabilitation Fund which will be administered by the Department of Behavioral and Developmental Services. The 23% that is distributed to the Video Gaming Fund is further distributed in the following manner: 2% is reserved for the costs incurred by State Government in administering the provisions of this bill; 10% (net of the administrative costs) goes to the Local Government Fund; and at the end of each fiscal year, the remaining unspent funds are distributed to those municipalities that host the nonprofit organizations that chose to become licensed by the provisions of this bill.

As stated previously, the bill specifies that 2% of the revenue collected for the Video Gaming Fund will be reserved for the administrative costs of state agencies. The estimated revenues that will be generated for this purpose are \$31,116 and \$57,979 in fiscal years 2003-04 and 2004-05, respectively. The total administrative and enforcement costs that will be incurred by state agencies are \$1,276,550 and \$3,388,784 in fiscal years 2003-04 and 2004-05, respectively. The difference between the amounts reserved for administrative costs and the actual costs of the state agencies is \$1,245,435 and \$3,280,805 in fiscal years 2003-04 and 2004-05, respectively, and will require appropriations from the General Fund.

In addition, the shift of expenditures from Lottery ticket sales and Pari-mutuel wagering to video gaming terminals at licensed non-profit organizations will reduce both General Fund and dedicated revenue.

Presented below is an estimate of the revenue and distribution that may be generated by licensed nonprofit organizations assuming that 270 nonprofit organizations will become licensed video terminal operators and each of the licensees will have the maximum 5 video terminals authorized by the provisions of this bill. This table also includes a breakdown of the General Fund and Other Special Revenue Funds impacts.

<u>Summary of Gaming Revenue</u>	2003-04	2004-05	2005-06	2006-07
Total Gaming Revenue	\$11,812,500	\$48,195,000	\$49,158,900	\$50,142,078
80% Payback	\$9,450,000	\$38,556,000	\$39,327,120	\$40,113,662
Net Terminal Income	\$2,362,500	\$9,639,000	\$9,831,780	\$10,028,416
75% of Net Terminal Income to Licensee	\$1,771,875	\$7,229,250	\$7,373,835	\$7,521,312
<u>Required Distribution of net terminal income (25% State Share)</u>				
<u>Video Gaming Fund Revenues</u>				
-23% of Net Terminal Income	\$543,375	\$2,216,970	\$2,261,309	\$2,306,536
-License Fees to Video Gaming Fund	\$682,000	\$682,000	\$682,000	\$682,000
-Reimbursement to Video Gaming Fund	\$330,404	\$0	\$0	\$0
Video Gaming Fund Revenues For Distribution	\$1,555,779	\$2,898,970	\$2,943,309	\$2,988,536
- 2% for Administrative Costs	\$31,116	\$57,979	\$58,866	\$59,771
- 10% (net) to Local Government Fund	\$152,466	\$284,099	\$288,444	\$292,877
- Unspent Funds to Host Municipalities	\$1,372,197	\$2,556,892	\$2,595,999	\$2,635,888
2% to Compulsive Gambling Program	\$47,250	\$192,780	\$196,636	\$200,568
<u>Other Revenue Impacts:</u>				
<u>Impact on Lottery - Diverted "Gaming/Gambling" Revenue to Non-profit Video Terminals</u>				
2.5% of Gross Revenue	\$295,313	\$1,204,875	\$1,228,973	\$1,253,552
25% General Fund Transfer	(\$73,828)	(\$301,219)	(\$307,243)	(\$313,388)
<u>Impact on Harness Racing - Diverted "Gaming/Gambling" Revenue to Non-profit Video Terminals</u>				
1% of Gross Revenue	\$118,125	\$481,950	\$491,589	\$501,421
<u>Loss of Revenue from diverted revenue by Fund/Account:</u>				
General Fund	(\$1,772)	(\$7,229)	(\$7,374)	(\$7,521)
Subtotal General Fund Revenue	(\$75,600)	(\$308,448)	(\$314,617)	(\$320,907)
<u>Other Special Revenue Funds</u>				
- Purse Supplements	(\$2,126)	(\$8,675)	(\$8,849)	(\$9,026)

- Sire Stakes Fund	(\$1,169)	(\$4,771)	(\$4,867)	(\$4,964)
- Agricultural Support Fund	(\$1,358)	(\$5,542)	(\$5,653)	(\$5,766)
- Racetracks	(\$1,465)	(\$5,976)	(\$6,096)	(\$6,218)
- Promotional Board	(\$2,953)	(\$12,049)	(\$12,290)	(\$12,536)
Subtotal Dedicated Revenue	(\$9,072)	(\$37,014)	(\$37,754)	(\$38,509)

Summary of Expenditure Impacts

General Fund:

- Administrative and Financial Services	\$756,710	\$2,671,268	\$2,719,463	\$2,768,622
- Attorney General	\$53,174	\$70,898	\$72,670	\$74,487
- Public Safety	\$435,550	\$538,639	\$537,752	\$536,847
Subtotal General Fund Costs	\$1,245,434	\$3,280,805	\$3,329,885	\$3,379,956

Other Special Revenue Funds:

- Agriculture, Food and Rural Resources	(\$9,072)	(\$37,014)	(\$37,754)	(\$38,509)
- Behavioral and Developmental Services	\$47,250	\$192,780	\$196,636	\$200,568
- Public Safety	\$31,116	\$57,979	\$58,866	\$59,771
- Treasurer	\$1,524,663	\$2,840,991	\$2,884,443	\$2,928,765
Subtotal Other Special Revenue Costs	\$1,593,957	\$3,054,736	\$3,102,191	\$3,150,595

Summary of Revenue Impacts

General Fund:

- Diverted Lottery Revenue	(\$73,828)	(\$301,219)	(\$307,243)	(\$313,388)
- Diverted Pari-mutuel Revenue	(\$1,772)	(\$7,229)	(\$7,374)	(\$7,521)
General Fund Total	(\$75,600)	(\$308,448)	(\$314,617)	(\$320,909)

Other Special Revenue Funds:

- Video Gaming Fund Revenues	\$1,555,779	\$2,898,970	\$2,943,309	\$2,988,536
- Diverted Pari-mutuel Revenue	(\$9,072)	(\$37,014)	(\$37,754)	(\$38,509)
- Compulsive Gambling Program	\$47,250	\$192,780	\$196,636	\$200,568
Other Special Revenue Total	\$1,593,957	\$3,054,736	\$3,102,191	\$3,150,595