

MAINE STATE LEGISLATURE

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LEGAL AND VETERANS AFFAIRS

Reported by: Majority

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STATE OF MAINE
SENATE
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 449, L.D. 1361, Bill, "An Act To Support Harness Horse Racing in Maine, Equine Agriculture in Maine, Maine Agricultural Fairs and the General Fund of the State"

Amend the bill by inserting after section 2 the following:

'Sec. 3. 8 MRSA §271, sub-§2, ¶A-1 is enacted to read:

A-1. The commitment of the licensee to conducting races limited to benefit or otherwise benefiting horses owned and primarily stabled in this State.'

Further amend the bill in section 4 in paragraph A in the 6th line (page 2, line 35 in L.D.) by striking out the following: "that,t" and inserting in its place the following: 'that'

Further amend the bill in section 5 in that part designated "§296." in subsection 1 in the 3rd line (page 3, line 16 in L.D.) by striking out the following: "paragraph E" and inserting in its place the following: 'paragraph F'

Further amend the bill in section 5 in that part designated "§296." in subsection 2 in the 7th line (page 3, line 25 in L.D.) by striking out the following: "19" and inserting in its place the following: '20'

Further amend the bill in section 5 in that part designated "§296." in subsection 2 in the last line (page 3, line 42 in L.D.) by inserting after the following: "year." the following: 'At least 10% of all funds received by a commercial track under this section must be used for capital improvements at its racing facility.'

COMMITTEE AMENDMENT

2 Further amend the bill in section 7 in that part designated
"§361." by inserting after subsection 1 the following:

4

6 '2. Commercial track. "Commercial track" has the same
meaning as in Title 8, section 275-A, subsection 1.'

8

Further amend the bill in section 7 in that part designated
"§361." by renumbering the subsections to read consecutively.

10

12 Further amend the bill in section 7 by striking out all of
that part designated "§371." and inserting in its place the
following:

14

'§371. License to operate

16

18 1. Eligible persons. The commission may issue a license to
operate video lottery terminals to any person who is licensed to
operate an off-track betting facility.

20

22 2. Video lottery terminals. The license under subsection 1
must specify the maximum number of video lottery terminals that
the licensee may operate on its premises. In the case of an
24 off-track betting facility not owned by the operator of a
commercial track, the number must be 200, unless the commission
26 finds that the off-track betting facility will not, in the
licensee's opinion, be able to accommodate 200 video lottery
28 terminals. In the case of an off-track betting facility owned by
the operator of a commercial track, the number must be 600,
30 unless the commercial track already operates an existing
off-track betting facility, in which case the number must be 200
32 or the difference between 600 and the number of video lottery
terminals the licensee is authorized to operate at other
34 off-track betting facilities, whichever is greater. Except as
expressly provided otherwise in this chapter, the number of video
36 lottery terminals may be increased upon subsequent application to
the commission, which shall consider, among other relevant
38 criteria, the relative market success of the licensee and the
usage history of the licensee's existing video lottery terminals.

40

42 3. Conditions on increase. An off-track betting facility
not owned by the operator of a commercial track may not increase
the number of video lottery terminals over 200 unless:

44

46 A. The licensee under subsection 1 has obtained the prior
consent of all commercial tracks located within 60 miles of
the off-track betting facility, which consent may not be
48 unreasonably withheld; or

2 B. The licensee under subsection 1 will not, after the
3 increase, have more than 300 video lottery terminals at any
4 location.

5 4. Video lottery terminals located; prohibit persons under
6 18 years of age. A licensee under this chapter shall prohibit
7 persons under 21 years of age from any area in which a video
8 lottery terminal is located, except that persons 18 to 20 years
9 of age may be present if directly employed by the licensee or a
10 video lottery terminal distributor.

11 5. Uniform location agreement. Each video lottery terminal
12 is subject to a uniform location agreement between the video
13 lottery terminal distributor and the licensee under this
14 chapter. A copy of the agreement must be submitted to the
15 commission. The uniform location agreement is the complete and
16 sole agreement between the licensee and the video lottery
17 terminal distributor regarding video lottery terminals. No other
18 agreement between the licensee and the video lottery terminal
19 distributor is legally binding.

20 6. Disclosure of other contracts and agreements. A video
21 lottery terminal distributor shall disclose to the Chief of the
22 State Police any other contracts or agreements that the video
23 lottery terminal distributor or a subsidiary of the video lottery
24 terminal distributor has made with a licensee under this chapter.

25 7. Restriction against proliferation. A license may not be
26 issued under subsection 1 to any off-track betting facility not
27 licensed on January 1, 2002 to accept pari-mutuel wagers, January
28 1, 2002, unless the off-track betting facility is owned by the
29 operator of a commercial track or unless all operators of
30 commercial tracks currently licensed in the State have first been
31 given 180 days' notice of the applicant's intent to open such an
32 off-track betting facility and those operators have failed to
33 apply for a license to open an off-track betting facility in the
34 same municipality as the proposed off-track betting facility or
35 an adjacent municipality. If a commercial track does not apply
36 for an off-track betting license after having received 180 days'
37 notice, it is no longer eligible for an off-track betting license
38 in that municipality or an adjacent municipality.

39 Any off-track betting facility may relocate its facility to a
40 different location within 10 miles of its existing location as
41 long as:

42 A. If the off-track betting facility is relocated to a
43 different facility, consent to that relocation has been
44 obtained from any off-track betting facility in whose market
45 area the off-track betting facility will be located after
46 obtaining consent from the licensee.

2 the relocation and from any commercial track located within
4 50 miles of the off-track betting facility if, after the
6 proposed move, the off-track betting facility would be more
8 than 5 miles closer to the commercial track than it was
10 before the move; and

12 B. In the event the off-track betting facility is relocated
14 to a different municipality, the licensee has received the
16 approval of the municipality in which the new facility is to
18 be located.

20 8. Requirement that video lottery terminals support harness
22 racing. Notwithstanding any other provision in this chapter, it
24 is unlawful for any off-track betting facility to operate video
26 lottery terminals in any year for which the Maine Harness Racing
28 Commission has not approved at least 150 days of racing at
30 commercial tracks in the State and, beginning in the 2nd year
32 after any off-track betting facility is first licensed to operate
34 video lottery terminals under this chapter, unless during the
36 preceding year at least 150 days of live racing were in fact
38 raced at commercial tracks in the State.'

40 Further amend the bill in section 7 in that part designated
42 "§383." in subsection 1 in the first line (page 20, line 25 in
44 L.D.) by striking out the following: "commercial track." and
46 inserting in its place the following: 'licensed facility.'

48 Further amend the bill in section 7 in that part designated
"§383." in subsection 1 in the first paragraph in the last line
(page 1, line 28 in L.D.) by striking out the following:
"commercial track" and inserting in its place the following:
'licensed facility'

Further amend the bill in section 7 in that part designated
"§383." in subsection 1 by striking out all of paragraphs E to G
and inserting in their place the following:

38 'E. One percent of the total gross terminal income must be
40 dedicated to the prevention and treatment of addictive
42 gambling in accordance with rules to be adopted by the
44 Department of Human Services, unless the Commissioner of
46 Human Services finds that the funds so dedicated are not
48 needed for such prevention and treatment, in which case the
funds must be paid to the Treasurer of State and applied to
the General Fund. Rules adopted by the Department of Human
Services to administer the fund are routine technical rules
as defined in Title 5, chapter 375, subchapter 2-A.

2 F. Five percent of the total gross terminal income must be
3 paid to the Treasurer of State and credited by the Treasurer
4 of State to the fund created in Title 8, section 296.

6 G. Three percent of the total gross terminal income must be
7 paid directly to the municipality in which the facility is
8 located and retained by that municipality as supplemental
9 revenues or, if the facility is located in an unorganized
10 area, to the Treasurer of State and applied to the General
11 Fund.'

12 Further amend the bill in section 10 in paragraph C in the
13 last line (page 24, line 31 in L.D.) by striking out the
14 following: "19" and inserting in its place the following: '20'

16 Further amend the bill by inserting after section 10 the
17 following:

18 '**Sec. 11. Appropriations and allocations.** The following
19 appropriations and allocations are made.

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

24 **Video Gaming - Administration**

26 Initiative: Appropriates funds for one Clerk III position, one
27 Clerk IV position, the costs of providing a computerized
28 monitoring system and other operational costs.

30	General Fund	2003-04	2004-05
	Positions - Legislative Count	(2,000)	(2,000)
32	Personal Services	\$61,139	\$81,518
	All Other	2,471,715	7,206,250
34			
	General Fund Total	<u>\$2,532,854</u>	<u>\$7,287,768</u>

36 **ADMINISTRATIVE AND FINANCIAL SERVICES,**
38 **DEPARTMENT OF**
40 **DEPARTMENT TOTALS**

		2003-04	2004-05
42	GENERAL FUND	\$2,532,854	\$7,287,768
44	DEPARTMENT TOTAL - ALL FUNDS	\$2,532,854	\$7,287,768

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

48 **Harness Racing Commission 0320**

COMMITTEE AMENDMENT "A" to S.P. 449, L.D. 1361

2 Initiative: Allocates funds to reflect the net revenue impact to
various dedicated harness racing accounts as a result of video
4 gaming.

6	Other Special Revenue Funds	2003-04	2004-05
	All Other	\$9,547,336	\$28,757,036
8			
	Other Special Revenue Funds Total	\$9,547,336	\$28,757,036

10 **AGRICULTURE, FOOD AND RURAL RESOURCES,**
12 **DEPARTMENT OF**
14 **DEPARTMENT TOTALS**

		2003-04	2004-05
16	Other Special Revenue Funds	\$9,547,336	\$28,757,036
18			
	DEPARTMENT TOTAL - ALL FUNDS	\$9,547,336	\$28,757,036

20 **ATTORNEY GENERAL, DEPARTMENT OF THE**

22 **Administration - Attorney General 0310**

24 Initiative: Provides funds for an Assistant Attorney General
position to assist in rulemaking, collection of forfeitures,
26 license application denial appeals and other required legal
services.

28	General Fund	2003-04	2004-05
30	Positions - Legislative Count	(1,000)	(1,000)
	Personal Services	\$46,676	\$62,234
32	All Other	5,682	4,909
34			
	General Fund Total	\$52,357	\$67,143

36 **ATTORNEY GENERAL, DEPARTMENT OF THE**
38 **DEPARTMENT TOTALS**

		2003-04	2004-05
40	GENERAL FUND	\$52,357	\$67,143
42			
	DEPARTMENT TOTAL - ALL FUNDS	\$52,357	\$67,143

44 **HUMAN SERVICES, DEPARTMENT OF**

46 **Purchased Social Services 0228**

48 Initiative: Allocates funds for the addictive gambling program.

50	Other Special Revenue Funds	2003-04	2004-05
	All Other	\$466,543	\$1,405,250

COMMITTEE AMENDMENT "A" to S.P. 449, L.D. 1361

2	Other Special Revenue Funds Total	\$466,543	\$1,405,250
4	HUMAN SERVICES, DEPARTMENT OF		
	DEPARTMENT TOTALS	2003-04	2004-05
6	Other Special Revenue Funds	\$466,543	\$1,405,250
8	DEPARTMENT TOTAL - ALL FUNDS	\$466,543	\$1,405,250
10	PUBLIC SAFETY, DEPARTMENT OF		
12	State Police - Video Gaming Enforcement		
14	Initiative: Appropriates funds for one Sergeant position, 2		
16	Detective positions, 3 Public Safety Inspector I positions, one		
18	Clerk Typist III position, one Clerk Typist II position and		
20	operating costs necessary to enforce the legal requirements of		
	video gaming.		
22	General Fund	2003-04	2004-05
	Positions - Legislative Count	(8.000)	(8.000)
24	Personal Services	\$430,260	\$580,428
	All Other	145,179	143,142
26	General Fund Total	\$575,439	\$723,570
28	PUBLIC SAFETY, DEPARTMENT OF		
30	DEPARTMENT TOTALS	2003-04	2004-05
32	GENERAL FUND	\$575,439	\$723,570
34	DEPARTMENT TOTAL - ALL FUNDS	\$575,439	\$723,570
36	TREASURER OF STATE, OFFICE OF		
38	Video Gaming - Municipal Distribution		
40	Initiative: Allocates funds for the distribution of funds to		
42	those municipalities who are hosts to licensed video gaming		
	operators.		
44	Other Special Revenue Funds	2003-04	2004-05
46	All Other	\$1,399,629	\$4,215,750
48	Other Special Revenue Funds Total	\$1,399,629	\$4,215,750
50	TREASURER OF STATE, OFFICE OF		

COMMITTEE AMENDMENT "A" to S.P. 449, L.D. 1361

DEPARTMENT TOTALS	2003-04	2004-05
OTHER SPECIAL REVENUE FUNDS	\$1,399,629	\$4,215,750
DEPARTMENT TOTAL - ALL FUNDS	\$1,399,629	\$4,215,750
SECTION TOTALS	2003-04	2004-05
GENERAL FUND	\$3,160,650	\$8,078,481
OTHER SPECIAL REVENUE FUNDS	11,413,508	34,378,036
SECTION TOTAL - ALL FUNDS	\$14,574,158	\$42,456,517

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

SUMMARY

This amendment changes the bill by striking a commercial track as an entity eligible for a video lottery terminal license. If a commercial track operates an off-track betting facility, that facility would be eligible to be licensed to operate video lottery terminals. Under the amendment, commercial tracks have first right of refusal for any new off-track betting facility license. Off-track betting facilities would still be eligible for video lottery terminal licenses under this amendment. Under this amendment, an off-track betting facility is permitted to change its location within 10 miles of its current location with the consent of all off-track betting facilities and commercial tracks within 50 miles.

FISCAL NOTE REQUIRED
(See attached)

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

**LD 1361**

**An Act To Support Harness Horse Racing in Maine, Equine Agriculture
in Maine, Maine Agricultural Fairs and the General Fund of the State**

LR 0995(02)

Fiscal Note for Bill as Amended by Committee Amendment 'A'

Committee: Legal and Veterans Affairs

Fiscal Note Required: Yes

Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Net Cost (Savings)				
General Fund	(\$4,287,035)	(\$13,281,319)	(\$13,601,990)	(\$13,860,394)
Appropriations/Allocations				
General Fund	\$3,160,650	\$8,078,481	\$8,219,006	\$8,362,342
Other Special Revenue Funds	\$11,413,508	\$34,378,036	\$35,065,597	\$35,766,909
Revenue				
General Fund	\$7,447,685	\$21,359,800	\$21,820,996	\$22,222,736
Other Special Revenue Funds	\$11,413,508	\$34,378,036	\$35,065,597	\$35,766,909

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 85% of the gross terminal revenue must be paid back to users of the video gaming terminals. Using current industry standards it is expected that 90% of the gross terminal revenue will be returned to the players. The remaining 10% of revenue collected by licensed video lottery terminal operators will be distributed as follows: 46% is kept by the licensee; 28% goes to the General Fund; 10% goes for pari-mutuel purse supplements; 5% goes to commercial race tracks; 3% goes to the Sires Stakes Fund; 4% goes to the Agricultural Fair Support Fund; 3% goes to the municipalities which host licensed video lottery terminal operators; and 1% goes to the Department of Human Services for addictive gambling treatment and prevention.

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

Presented below is an estimate of the potential revenue and subsequent distribution that may be generated by license video lottery terminal operators assuming that there will be 11 licensed video terminal operators and that there will be a total of 2,200 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	\$466,543,000	\$1,405,250,000	\$1,433,355,000	\$1,462,022,100
90% Payback	\$419,888,700	\$1,264,725,000	\$1,290,019,500	\$1,315,819,890
Gross Terminal Income	\$46,654,300	\$140,525,000	\$143,335,500	\$146,202,210
46% of Gross Terminal Income to Licensee	\$21,460,978	\$64,641,500	\$65,934,330	\$67,253,017
Net State Share	\$25,193,322	\$75,883,500	\$77,401,170	\$78,949,193
<u>Required Distribution of Gross Terminal Income (54% State Share)</u>				
General Fund	\$13,063,204	\$39,347,000	\$40,133,940	\$40,936,619
Purse Supplements	\$4,665,430	\$14,052,500	\$14,333,550	\$14,620,221
Commercial Tracks	\$2,332,715	\$7,026,250	\$7,166,775	\$7,310,111
Agricultural Fair Support Fund	\$1,866,172	\$5,621,000	\$5,733,420	\$5,848,088
Sires Stakes Fund	\$1,399,629	\$4,215,750	\$4,300,065	\$4,386,066
Host Municipalities	\$1,399,629	\$4,215,750	\$4,300,065	\$4,386,066
Addictive Gambling Program	\$466,543	\$1,405,250	\$1,433,355	\$1,462,022
<u>Other Revenue Impacts:</u>				
License fees to the General Fund	\$34,000	\$0	\$34,000	\$0
Reimbursements to the General Fund	\$322,231	\$0	\$0	\$0
<u>Impact on Lottery - Diverted "Gaming/Gambling" Revenue to Video Terminals</u>				
5% of Gross Revenue	\$23,327,150	\$70,262,500	\$71,667,750	\$73,101,105
25% General Fund Transfer	(\$5,831,788)	(\$17,565,625)	(\$17,916,938)	(\$18,275,276)
<u>Impact on Harness Racing - Diverted "Gaming/Gambling" Revenue to Video Terminals</u>				
2% of Gross Revenue	\$9,330,860	\$28,105,000	\$28,667,100	\$29,240,442
Loss of Revenue from diverted revenue by Fund/Account:				
General Fund	(\$139,963)	(\$421,575)	(\$430,007)	(\$438,607)
Subtotal General Fund Revenue	(\$5,971,750)	(\$17,987,200)	(\$18,346,944)	(\$18,713,883)
<u>Other Special Revenue Funds</u>				
- Purse Supplements	(\$167,955)	(\$505,890)	(\$516,008)	(\$526,328)
- Sire Stakes Fund	(\$92,376)	(\$278,240)	(\$283,804)	(\$289,480)
- Agricultural Fair Support Fund	(\$107,305)	(\$323,208)	(\$329,672)	(\$336,265)
- Commercial Racetracks	(\$115,703)	(\$348,502)	(\$355,472)	(\$362,581)
- Promotional Board	(\$233,272)	(\$702,625)	(\$716,678)	(\$731,011)
Subtotal Dedicated Revenue	(\$716,610)	(\$2,158,464)	(\$2,201,633)	(\$2,245,666)

Summary of Expenditure Impacts

General Fund:

- Administrative and Financial Services	\$2,532,854	\$7,287,768	\$7,428,293	\$7,571,629
- Attorney General	\$52,357	\$67,143	\$67,143	\$67,143
- Public Safety	\$575,439	\$723,570	\$723,570	\$723,570
General Fund Total	\$3,160,650	\$8,078,481	\$8,219,006	\$8,362,342

Other Special Revenue Funds:

- Agriculture, Food and Rural Resources	\$9,547,336	\$28,757,036	\$29,332,177	\$29,918,820
- Human Services	\$466,543	\$1,405,250	\$1,433,355	\$1,462,022
- Treasurer	\$1,399,629	\$4,215,750	\$4,300,065	\$4,386,066
Other Special Revenue Total	\$11,413,508	\$34,378,036	\$35,065,597	\$35,766,909

Summary of Revenue Impacts

General Fund:

- License fees	\$34,000	\$0	\$34,000	\$0
- Reimbursements	\$322,231	\$0	\$0	\$0
- Proceeds From Video Terminals	\$13,063,204	\$39,347,000	\$40,133,940	\$40,936,619
- Diverted Lottery Revenue	(\$5,831,788)	(\$17,565,625)	(\$17,916,938)	(\$18,275,276)
- Diverted Pari-mutuel Revenue	(\$139,963)	(\$421,575)	(\$430,007)	(\$438,607)
General Fund Total	\$7,447,685	\$21,359,800	\$21,820,996	\$22,222,736

Other Special Revenue Funds:

- Agriculture, Food and Rural Resources	\$9,547,336	\$28,757,036	\$29,332,177	\$29,918,820
- Human Services	\$466,543	\$1,405,250	\$1,433,355	\$1,462,022
- Treasurer	\$1,399,629	\$4,215,750	\$4,300,065	\$4,386,066
Other Special Revenue Total	\$11,413,508	\$34,378,036	\$35,065,597	\$35,766,909