

MAINE STATE LEGISLATURE

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R. 6/3

L.D. 1820

DATE: 4-7-04

(Filing No. H-869)

MINORITY
LEGAL AND VETERANS AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820, Bill, "An Act To Establish the Gambling Control Board To License and Regulate Slot Machines at Commercial Harness Racing Tracks"

Amend the bill by striking out all of the emergency preamble (page 1, lines 1 to 22 in L.D.)

Further amend the bill in Part A by striking out all of section 1 and inserting in its place the following:

'Sec. A-1. 5 MRSA §10004, sub-§4-A is enacted to read:

4-A. Gambling. The action is based on a violation of laws or rules at gambling facilities that are cited by the Department of Public Safety, Gambling Control Board, established pursuant to Title 8, chapter 31, or the Gambling Control Board or its designees determine that acting in accordance with subchapters 4 and 6 would fail to serve the public interest; however, the suspension, revocation or refusal to renew may not continue for more than 30 days.'

Further amend the bill in Part A in section 2 in that part designated "§77." in subsection 1 in the last line (page 1, line 45 in L.D.) by striking out the following: "paragraph B, subparagraph 4" and inserting in its place the following: 'paragraph D'

Further amend the bill in Part A in section 2 in that part designated "§77." in subsection 2 by striking out all of paragraphs A and B (page 2, lines 2 to 15 in L.D.) and inserting in their place the following:

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2 'A. Thirty-four percent of these funds must be distributed
4 to all entities licensed by the department, including
6 commercial tracks that during the previous year were
8 licensed to and did accept pari-mutuel wagers on harness
10 horse races and distributed in the manner prescribed in
12 Title 8, section 298; and

14 B. Sixty-six percent of these funds must be divided among
16 all entities licensed as agricultural fairs by the
18 department. These funds must be distributed in the same
20 proportion as funds distributed for premium payments made
22 pursuant to section 64 and may be used at the fairs'
24 discretion.'

26 Further amend the bill in Part A in section 3 in that part
28 designated "~~§298.~~" in subsection 1 in the 4th line (page 2, line
30 24 in L.D.) by striking out the following: "subparagraph (2)"

32 Further amend the bill in Part A in section 3 in that part
34 designated "~~§298.~~" by striking out all of subsection 2 (page 2,
36 lines 27 to 48 in L.D.) and inserting in its place the following:

38 '2. Distribution. On May 30th, September 30th and January
40 30th of each year, all amounts credited to the fund established
42 by this section as of the last day of the preceding month and not
44 distributed before that day must be distributed to each
46 commercial track, as defined in section 275-A, subsection 1, and
48 to each agricultural fair association that during the preceding
50 trimester has conducted live racing with pari-mutuel wagering on
dates assigned by the commissioner pursuant to Title 7, section
65, with each commercial track and each agricultural fair
association receiving an amount of money determined by
multiplying the amount of money available for distribution times
a fraction, the numerator of which is the total number of live
race dashes conducted by the commercial track or agricultural
fair association during the preceding time period and the
denominator of which is the total number of race dashes conducted
by all commercial tracks and agricultural fair associations
during that time period. The payment in January must be adjusted
so that for the prior 3 time periods each commercial track or
agricultural fair association entitled to a distribution receives
that fraction of the total money distributed over the full year
from the fund established by this section, the amount determined
by multiplying the total amount of money by a fraction, the
numerator of which is the number of live race dashes conducted by
the commercial track or agricultural fair association during the
calendar year that qualify for a distribution and the denominator
of which is the total number of race dashes conducted during that
calendar year by all such fairs on dates assigned by the

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2 commissioner pursuant to Title 7, section 65 and by all
3 commercial tracks during that calendar year. The funds
4 distributed pursuant to this section must be used to supplement
5 harness racing purses.'

6 Further amend the bill in Part A in section 4 in that part
7 designated "~~\$1001.~~" by striking out all of subsection 7.

8
9 Further amend the bill in Part A in section 4 in that part
10 designated "~~\$1001.~~" by inserting after subsection 20 the
11 following:

12
13 '21. Gaming employee. "Gaming employee" means any person
14 connected directly with a gambling facility, including cashiers,
15 change personnel, counting room personnel, hosts, persons who
16 extend credit or offer complimentary services, machine mechanics,
17 security personnel, supervisors or managers. "Gaming employee"
18 also includes employees of a slot machine distributor whose
19 duties are directly involved with repair or distribution of slot
20 machines or gaming devices.'

21 Further amend the bill in Part A in section 4 in that part
22 designated "~~\$1001.~~" by inserting after subsection 22 the
23 following:

24
25 '23. Holding company. "Holding company" means any company
26 that directly or indirectly owns or has the power or right to
27 control a company that holds or applies for a slot machine
28 operator license or a slot machine distributor license, except
29 that a company that has a beneficial ownership of more than 10%
30 of the voting securities of a publicly traded corporation is not
31 a holding company.'

32
33 Further amend the bill in Part A in section 4 in that part
34 designated "~~\$1001.~~" by inserting after subsection 23 the
35 following:

36
37 '24. Intermediary company. "Intermediary company" means a
38 company that is a holding company of a company that applies for a
39 slot machine operator license or a slot machine distributor
40 license or is a subsidiary of a holding company of a company that
41 applies for a slot machine operator license or a slot machine
42 distributor license.'

43
44 Further amend the bill in Part A in section 4 in that part
45 designated "~~\$1001.~~" by striking out all of subsection 25 and
46 inserting in its place the following:

47
48 '25. Key executive. "Key executive" means any executive of
49 a licensee having power to exercise a significant influence over
50 the licensee.'

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2 decisions concerning the operation or distribution of slot
3 machines.'

4 Further amend the bill in Part A in section 4 in that part
5 designated "\$1001." by striking out all of subsection 29 (page 5,
6 lines 43 to 45 in L.D.)

8 Further amend the bill in Part A in section 4 in that part
9 designated "\$1001." by inserting after subsection 34 the
10 following:

12 '35. Premises. "Premises" means the property located
13 within 2,000 feet of the center of the horse racing track at a
14 commercial track and owned by the person that owns the property
15 on which the track is located.

16 36. Publicly traded corporation. "Publicly traded
17 corporation" means a company that is an issuer subject to Section
18 15(d) of the Securities Exchange Act of 1934, as amended, 15
19 United States Code, Section 78o or applicable foreign laws or has
20 one or more of the following:

22 A. Classes of securities registered pursuant to Section 12
23 of the Securities Exchange Act of 1934, as amended, 15
24 United States Code, Section 781; or

26 B. Classes of securities registered pursuant to applicable
27 foreign laws that the board finds protect the public
28 interest.

30 37. Registration. "Registration" means an approval or
31 board action that authorizes a company to be a holding company of
32 a company that holds or applies for a slot machine operator
33 license or a slot machine distributor license or of other persons
34 required to be licensed under this chapter.'

36 Further amend the bill in Part A in section 4 in that part
37 designated "\$1001." by inserting after subsection 38 the
38 following:

40 '39. Subsidiary. "Subsidiary" means any corporation or
41 company, all or any part of whose outstanding equity securities
42 are owned, subject to a power or right of control, or held, with
43 power to vote, by a holding company or intermediary company.'

46 Further amend the bill in Part A in section 4 in that part
47 designated "\$1001." by inserting after subsection 39 the
48 following:

50 '40. Work permit. "Work permit" means any card,

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2 certificate or permit issued by the board authorizing the
employment of the holder as a gaming employee.'

4 Further amend the bill in Part A in section 4 in that part
designated "\$1001." by renumbering the subsections to read
6 consecutively.

8 Further amend the bill in Part A in section 4 in that part
designated "\$1002." in subsection 2 in the 2nd line from the end
10 (page 7, line 8 in L.D.) by inserting after the following:
"industry." the following: 'One member must have experience in
12 the harness racing industry.'

14 Further amend the bill in Part A in section 4 in that part
designated "\$1002." in subsection 8 in the last line (page 7,
16 line 49 in L.D.) by striking out the following: "individual" and
inserting in its place the following: 'executive'

18 Further amend the bill in Part A in section 4 in that part
designated "\$1003." in subsection 1 by striking out all of
20 paragraph I (page 8, lines 47 to 49 in L.D.) and inserting in its
22 place the following:

24 'I. Take any action as may be reasonable or appropriate to
protect the public interest and enforce this chapter and the
26 rules adopted under this chapter including denial,
suspension or revocation without hearing of a license issued
28 under this chapter as provided in Title 5, section 10004,
subsection 4-A;'

30 Further amend the bill in Part A in section 4 in that part
designated "\$1003." in subsection 1 in paragraph J in the last
32 line (page 9, line 2 in L.D.) by striking out the following: "."
34 and inserting in its place the following: '; and'

36 Further amend the bill in Part A in section 4 in that part
designated "\$1003." in subsection 1 by inserting after paragraph
38 J the following:

40 'K. Issue work permits to gambling service employees based
on criteria established by the board by major substantive
42 rule pursuant to Title 5, chapter 375, subchapter 2-A.'

44 Further amend the bill in Part A in section 4 in that part
designated "\$1003." by striking out all of subsection 2 and
46 inserting in its place the following:

48 '2. Duties. The board shall hire an executive director. The
board or the director, as delegated by the board, shall hire
50 staff and retain professional services that the board considers

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necessary to carry out its responsibilities. In addition, the board or the director or staff, as delegated by the board, shall:

A. Enforce the provisions of this chapter and any rules adopted under this chapter;

B. Hear and decide all license and registration applications under this chapter and issues affecting the granting, suspension, revocation or renewal of licenses and registrations;

C. Review the department's reports of its investigation of the qualifications of an applicant before a license or registration is issued and investigate the circumstances surrounding any act or transaction for which board approval is required;

D. Cause the department to investigate any alleged violations of this chapter or rules adopted under this chapter and the direct or indirect ownership or control of any licensee;

E. Refer violations of this chapter to the Attorney General to bring action in the courts and administrative tribunals of this State or the United States, in the name of the State of Maine. This paragraph does not limit the authority of district attorneys to prosecute criminal violations of the law;

F. Collect all licensing and registration fees and taxes imposed by this chapter and rules adopted pursuant to this chapter;

G. Develop a standard uniform location agreement;

H. Pursuant to subchapter 5, cause the department to investigate all complaints made to the board regarding ownership, distribution or operation of slot machines and all violations of this chapter or rules adopted under this chapter;

I. Adopt rules to prevent undesirable conduct relating to the ownership, distribution and operation of slot machines and slot machine facilities, including, but not limited to, the following:

(1) The practice of any fraud or deception upon a player of a slot machine or a licensee;

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- 2 (2) The presence or location of a slot machine in or at
3 premises that may be unsafe due to fire hazard or other
4 public safety conditions;
- 6 (3) The infiltration of organized crime into the
7 ownership, distribution or operation of slot machines
8 and slot machine facilities; and
- 10 (4) The presence of disorderly persons in a location
11 where slot machines are in use;
- 12 J. Maintain a central site system of monitoring in real
13 time all slot machines licensed in accordance with this
14 chapter using an on-line inquiry;
- 16 K. Control the operation of slot machines via the central
17 site monitoring system using only board staff or persons
18 contracted by the board;
- 20 L. Ensure that the central site monitoring system does not
21 permit a licensed slot machine operator to access the
22 central site monitoring system or any system that is capable
23 of programming slot machines;
- 24 M. Inform commercial track operators applying for a license
25 to operate slot machines that any slot machines licensed by
26 the board must be compatible with the central site system of
27 on-line monitoring used by the board;
- 28 N. Cause the central site monitoring system to disable a
29 slot machine that does not meet registration requirements
30 provided by this chapter or rules adopted under this chapter
31 or as directed by the department;
- 32 O. Cause the central site monitoring system to disable a
33 slot machine and cause the department to seize the proceeds
34 of that slot machine if the funds from that slot machine
35 have not been distributed, deposited or allocated in
36 accordance with section 1036;
- 37 P. Collect all funds and taxes due to the State under
38 sections 1018 and 1036;
- 39 Q. Certify monthly to the department a full and complete
40 statement of all slot machine revenue, credits disbursed by
41 licensees, administrative expenses and the allocation of
42 gross slot machine income for the preceding month;
- 43 R. Submit by March 15th an annual report to the Governor and
44 the Legislature.

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2 the joint standing committee of the Legislature having
3 jurisdiction over gambling affairs on slot machine revenue,
4 credits disbursed by slot machine operators, administrative
5 expenses and the allocation of gross slot machine income for
6 the preceding year;

7 S. Prepare and submit to the department a budget for the
8 administration of this chapter; and

9 T. Keep accurate and complete records of its proceedings
10 and certify the records as may be appropriate.'

11
12 Further amend the bill in Part A in section 4 in that part
13 designated "§1011." in subsection 1 in the last line (page 13,
14 line 34 in L.D.) by inserting after the following: "board." the
15 following: 'A slot machine operator license authorizes a
16 licensee to own or lease slot machines operated at a licensed
17 gambling facility.'

18
19 Further amend the bill in Part A in section 4 in that part
20 designated "§1011." in subsection 3 in the 4th line (page 14,
21 line 5 in L.D.) by striking out the following: "1017 and 1020"
22 and inserting in its place the following: '1016 and 1019'

23
24 Further amend the bill in Part A in section 4 in that part
25 designated "§1011." by inserting after subsection 3 the following:

26
27 '4. Requirement for license; agreement with municipality
28 where slot machines are located. A slot machine operator shall
29 enter into an agreement with the municipality where the slot
30 machine operator's slot machines are located that provides for
31 revenue sharing or other compensation, including, but not limited
32 to, a provision requiring the preparation, in conjunction with
33 the municipality, of a security plan for the premises on which
34 the slot machines are located. The revenue-sharing agreement
35 must provide for a minimum payment to the municipality of 3% of
36 the total gross slot machine income derived from the machines
37 located in the municipality.

38
39 5. Renewal. Licenses to operate slot machines may be
40 renewed upon application for renewal in accordance with this
41 subchapter, subject to board rules.'

42
43 Further amend the bill in Part A in section 4 by inserting
44 after that part designated "§1011." the following:

45 '§1012. Local approval for renewal of slot machine
46 operator license

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2 An application for renewal of a slot machine operator
3 license must first be approved under this section by the
4 municipal officers of the municipality in which the commercial
5 track with slot machines is located or, if the commercial track
6 is in an unincorporated place, the application must be approved
7 by the county commissioners of the county in which the commercial
8 track with slot machines is located.

9
10 1. Hearings. Municipal officers or county commissioners,
11 as the case may be, may hold a public hearing for the
12 consideration of a request for the renewal of a license to
13 operate slot machines, except that, when an applicant has held a
14 license for the prior 5 years and a complaint has not been filed
15 with the board against the applicant within that time, the
16 applicant may request a waiver of the hearing.

17 A. The board shall prepare and supply application forms for
18 public hearings under this subsection.

19
20 B. Municipal officers or county commissioners, as the case
21 may be, shall provide public notice of any hearing held
22 under this section by causing, at the applicant's prepaid
23 expense, a notice stating the name and place of the hearing
24 to appear on at least 3 consecutive days before the date of
25 the hearing in a daily newspaper having general circulation
26 in the municipality where the premises of the commercial
27 track with slot machines are located or one week before the
28 date of the hearing in a weekly newspaper having general
29 circulation in the municipality where the premises are
30 located.

31
32 C. If municipal officers or county commissioners, as the
33 case may be, fail to take final action on an application for
34 a renewal of a slot machine operator license within 60 days
35 of the filing of an application, the application is
36 considered approved and ready for action by the board. For
37 purposes of this paragraph, the date of filing of the
38 application is the date the application is received by the
39 municipal officers or county commissioners.

40
41 2. Findings. In granting or denying an application under
42 this section, municipal officers or the county commissioners
43 shall indicate the reasons for their decision and provide a copy
44 to the applicant. A license may be denied on one or more of the
45 following grounds:

46 A. Noncompliance of the commercial track licensed to
47 operate slot machines with any local zoning ordinance or
48 other land use ordinance not directly related to slot
49 machine operations;
50

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2 B. Conditions of record such as waste disposal violations,
4 health or safety violations or repeated parking or traffic
6 violations on or in the vicinity of the premises of the
8 commercial track with slot machines and caused by persons
10 patronizing or employed by the commercial track licensed to
12 operate slot machines or other such conditions caused by
14 persons patronizing or employed by the premises that
16 unreasonably disturb, interfere with or affect the ability
18 of persons or businesses residing or located in the vicinity
20 of the premises to use their property in a reasonable manner;

22 C. Repeated incidents of record of breaches of the peace,
24 disorderly conduct, vandalism or other violations of law on
26 or in the vicinity of the premises of the commercial track
28 with slot machines and caused by persons patronizing or
30 employed by the commercial track licensed to operate slot
32 machines; and

34 D. A violation of any provision of this chapter.

36 3. Appeal to board. Any applicant aggrieved by the
38 decision of the municipal officers or county commissioners under
40 this section may appeal to the board within 15 days of the
42 receipt of the written decision of the municipal officers or
44 county commissioners. The board shall hold a public hearing in
46 the city, town or unincorporated place where the premises of the
48 commercial track with slot machines are situated. In acting on
50 such an appeal, the board may consider all licensure requirements
52 and findings referred to in subsection 2. If the decision
54 appealed is an application denial, the board may issue the
56 license only if it finds by clear and convincing evidence that
58 the decision was without justifiable cause.

60 4. Appeal to District Court. Any person or governmental
62 entity aggrieved by a board decision under this section may
64 appeal the decision to the District Court within 30 days of
66 receipt of the written decision of the board. An applicant who
68 files an appeal or who has an appeal pending shall pay the
70 license renewal fee the applicant would otherwise pay. Upon
72 resolution of the appeal, if an applicant's license renewal is
74 denied, the board shall refund the applicant the prorated amount
76 of the unused license fee.'

78 Further amend the bill in Part A in section 4 in that part
80 designated "~~§1012.~~" in subsection 2 in the last line (page 14,
82 line 19 in L.D.) by striking out the following: "1017 and 1020"
84 and inserting in its place the following: '1016 and 1019'

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Further amend the bill in Part A in section 4 in that part designated "~~§1013.~~" in subsection 2 in the last line (page 14, line 29 in L.D.) by striking out the following: "~~1017 and 1020~~" and inserting in its place the following: '~~1016 and 1019~~'

Further amend the bill in Part A in section 4 by striking out all of that part designated "~~§1014.~~"

Further amend the bill in Part A in section 4 by striking out all of that part designated "~~§1015.~~" and inserting in its place the following:

'§1015. Licensing of employees of slot machine operators and slot machine distributors

1. License required. A person may not be employed by a slot machine operator or slot machine distributor unless the person is licensed to do so by the board or granted a waiver by the board pursuant to subsection 3.

2. Requirements for license. The board may issue an employee license to an employee of a slot machine operator or slot machine distributor if the applicant meets the qualifications set out in sections 1016 and 1019.

3. Requirements for waiver. Upon application by a slot machine operator or slot machine distributor, the board may waive the employee license requirement under this section if the slot machine operator or slot machine distributor demonstrates to the board's satisfaction that the public interest is not served by the requirement of the employee license.'

Further amend the bill in Part A in section 4 by striking out all of that part designated "~~§1016.~~"

Further amend the bill in Part A in section 4 in that part designated "~~§1017.~~" in subsection 1 in the 5th and 6th lines (page 15, lines 44 and 45 in L.D.) by striking out the following: "~~, a nongambling services vendor~~"

Further amend the bill in Part A in section 4 in that part designated "~~§1017.~~" in subsection 1 in paragraph G in the first line (page 16, line 37 in L.D.) by striking out the following: "~~individuals~~" and inserting in its place the following: '~~executives~~'

Further amend the bill in Part A in section 4 in that part designated "~~§1017.~~" in subsection 1 in the blocked paragraph at the end in the last 2 lines (page 16, lines 42 and 43 in L.D.) by

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2 striking out the following: "1015 or 1016. A slot machine
operator may also be licensed as a nongambling services vendor
under section 1014." and inserting in its place the following:
4 '1015.'

6 Further amend the bill in Part A in section 4 in that part
designated "\$1017." in subsection 2 by inserting at the end a new
8 blocked paragraph to read:

10 'Title 5, chapter 341 does not apply to this section.'

12 Further amend the bill in Part A in section 4 in that part
designated "\$1017." in subsection 3 in the 4th line (page 17,
14 line 48 in L.D.) by striking out the following: "individuals"
and inserting in its place the following: 'executives'

16 Further amend the bill in Part A in section 4 in that part
18 designated "\$1018." in subsection 1 in paragraph D in the 3rd
line (page 18, line 33 in L.D.) by striking out the following:
20 "1017" and inserting in its place the following: '1016'

22 Further amend the bill in Part A in section 4 in that part
designated "\$1019." in subsection 1 by striking out all of
24 paragraphs A to E (page 19, line 48 and page 20, lines 1 to 11 in
L.D.) and inserting in their place the following:

26
28 'A. The initial registration fee for a registered slot
machine is \$100. The annual renewal fee is an amount, set
30 by rules of the board, equal to the cost to the board of
licensing slot machines and determined by dividing the costs
of administering the slot machine licenses by the total
32 number of slot machines licensed by the board.

34
36 'B. The initial application fee for a slot machine
distributor license is \$200,000. The annual renewal fee is
38 an amount, set by rules of the board, equal to the cost to
the board of licensing slot machine distributors and
40 determined by dividing the costs of administering the slot
machine distributor licenses by the total number of slot
machine distributors licensed by the board.

42
44 'C. The initial application fee for a slot machine operator
license is \$200,000. The annual renewal fee is \$75,000 plus
46 an amount, set by rules of the board, equal to the cost to
the board of licensing slot machine operators and determined
48 by dividing the costs of administering the slot machine
operator licenses by the total number of slot machine
operators licensed by the board.

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D. The application fee for a license for a gambling services vendor is \$2,000.

E. The application fee for an employee license under section 1015 is \$250.'

Further amend the bill in Part A in section 4 in that part designated "~~§1019.~~" by striking out all of subsection 2 and inserting in its place the following:

'2. Term of license; renewal, renewal fees. All licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required by subsection 1, paragraph C to the municipality in which the slot machines are operated.'

Further amend the bill in Part A in section 4 in that part designated "~~§1019.~~" by inserting after subsection 5 the following:

'6. Rules. Rules adopted pursuant to this section are major substantive rules in accordance with Title 5, chapter 375, subchapter 2-A.'

Further amend the bill in Part A in section 4 in that part designated "~~§1020.~~" by inserting after subsection 6 the following:

'7. Minimum number of race days. Beginning in calendar year 2006, slot machines may not be operated at any commercial track unless during the prior calendar year at least 150 days of live racing were applied for and conducted at the commercial track located in this State, unless the total number of race days awarded by the State Harness Racing Commission is less than 150 days, in which case the minimum number of race days is the number awarded by the commission.'

Further amend the bill in Part A in section 4 in that part designated "~~§1021.~~" in subsection 2 by striking out all of paragraphs F and G (page 22, lines 27 to 31 in L.D.) and inserting in their place the following:

'F. Must have technology compatible with the central site monitoring system used by the board;

G. Must have a minimum average daily aggregate payback

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2 percentage of 90% computed for all slot machines operated at
3 each slot machine facility on a weekly basis; and'

4 Further amend the bill in Part A in section 4 in that part
5 designated "§1021." by striking out all of subsection 3 (page 22,
6 lines 37 to 48 in L.D.) and inserting in its place the following:

8 '3. Limits on total slot machines. The board shall
9 determine the number of slot machines to be registered in the
10 State. The board shall make this determination based upon the
11 minimum gross slot machine income, when distributed pursuant to
12 section 1036, necessary to maintain the harness racing industry
13 in this State, except that the total number of slot machines
14 registered in the State may not exceed 1,500.'

16 Further amend the bill in Part A in section 4 in that part
17 designated "§1031." by striking out all of subsection 2 (page 23,
18 lines 35 to 40 in L.D.) and inserting in its place the following:

20 '2. Placement of slot machines. A slot machine operator,
21 slot machine distributor or gambling services vendor shall
22 prohibit persons under 21 years of age from any area in which a
23 slot machine is located, except that a person 18 to 20 years of
24 age may be present if that person is a licensed employee under
25 section 1015.'

26 Further amend the bill in Part A in section 4 in that part
27 designated "§1034." in the first paragraph in the last line (page
28 24, line 15 in L.D.) by striking out the following: ", licensed
29 nongambling services vendor or a key individual" and inserting in
30 its place the following: 'or a key executive'

32 Further amend the bill in Part A in section 4 in that part
33 designated "§1036." by striking out all of subsection 1 and
34 inserting in its place the following:

36 '1. Distribution from commercial track. A slot machine
37 operator shall collect and distribute 37% of the total gross slot
38 machine income from slot machines operated by the slot machine
39 operator to the board for distribution by the board as follows:

42 A. Four percent of the total gross slot machine income must
43 be deposited to the General Fund for administrative expenses
44 of the board, including gambling addiction counseling
45 services, in accordance with rules adopted by the board;

46 B. Seven percent of the total gross slot machine income
47 must be used by the board to supplement harness racing
48 purses and must be disbursed for that purpose at the times
49 and in the manner prescribed in section 298;
50

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COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820

2 C. One percent of the total gross slot machine income must
3 be credited by the board to the Sire Stakes Fund created in
4 section 281;

6 D. Three percent of the total gross slot machine income
7 must be forwarded by the board to the Treasurer of State,
8 who shall credit the money to the Agricultural Fair Support
9 Fund established in Title 7, section 77;

10 E. Fourteen percent of the total gross slot machine income
11 must be forwarded by the board to the State Controller to be
12 credited to the Fund for a Healthy Maine established by
13 Title 22, section 1511 and segregated into a separate
14 account under Title 22, section 1511, subsection 11, with
15 the use of funds in the account restricted to the purposes
16 described in Title 22, section 1511, subsection 6, paragraph
17 E;

20 F. Four percent of the total gross slot machine income must
21 be forwarded by the board to the University of Maine System
22 Scholarship Fund created in Title 20-A, section 11631; and

24 G. Four percent of the total gross slot machine income must
25 be forwarded by the board to the board of trustees of the
26 Maine Community College System to be applied by the board of
27 trustees to fund its scholarships program under Title 20-A,
28 section 12716, subsection 1.'

30 Further amend the bill in Part A in section 4 by striking
31 out all of that part designated "\$1037."

32 Further amend the bill in Part A in section 4 in that part
33 designated "\$1051." in subsection 3 in paragraph C by striking
34 out all of subparagraph (4) (page 29, lines 7 to 12 in L.D.) and
35 inserting in its place the following:

38 '(4) As provided in Title 5, section 10004, subsection
39 4-A, conviction of a crime that involves dishonesty or
40 false statement, conviction of a crime for which
41 incarceration for one year or more may be imposed or
42 conviction of a crime defined in Title 17-A, chapter
43 39; or'

44 Further amend the bill in Part A in section 4 in that part
45 designated "\$1052." in the first paragraph in the 3rd line (page
46 29, line 42 in L.D.) by striking out the following: "individual"
47 and inserting in its place the following: 'executive'

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Further amend the bill in Part A in section 4 by striking out all of that part designated "§1063." (page 34, lines 6 to 9 in L.D.) and inserting in its place the following:

'§1063. Rules

Unless otherwise specified, rules adopted pursuant to this chapter are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.'

Further amend the bill in Part A in section 4 by renumbering the sections to read consecutively.

Further amend the bill in Part A in section 6 in paragraph D in the 2nd line (page 34, line 31 in L.D.) by striking out the following: "1021" and inserting in its place the following: '1020'

Further amend the bill in Part A in section 6 in paragraph D in the last line (page 34, line 32 in L.D.) by striking out the following: "1012" and inserting in its place the following: '1013'

Further amend the bill in Part A by inserting after section 11 the following:

'Sec. A-12. Report on operation of Gambling Control Board. The Department of Public Safety, Gambling Control Board established in the Maine Revised Statutes, Title 8, chapter 31 shall submit by March 15, 2005 a report on the operation of the board and its effectiveness in regulating the operation of slot machines at commercial harness racing tracks. The report must include recommendations of any necessary changes to the board and the laws governing the board in order to effectively regulate the operation of slot machines at commercial tracks. The report must include recommendations regarding expansion of the board's authority to regulate all gaming conducted legally within the State.'

Further amend the bill in Part B by inserting after section 7 the following:

'Sec. B-8. Board to rule on license. By September 30, 2004, the Department of Public Safety, Gambling Control Board established in the Maine Revised Statutes, Title 8, chapter 31 shall make a final determination on applications submitted to the board for licenses to distribute slot machines and licenses to operate slot machines and all related required licenses in accordance with Title 8, chapter 31 absent any circumstances beyond the control of the board that would prohibit the board

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COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820

from making a final determination. An applicant for a license to operate slot machines shall act in good faith to comply with all application requirements in a timely manner.

Sec. B-9. Appropriations and allocations. The following appropriations and allocations are made.

AGRICULTURE, FOOD AND RURAL RESOURCES, DEPARTMENT OF

Harness Racing Commission 0320

Initiative: Allocates funds for distribution of revenues to various accounts.

Other Special Revenue Funds	2003-04	2004-05
All Other	\$0	\$1,747,646
	<hr/>	<hr/>
Other Special Revenue Funds Total	\$0	\$1,747,646

AGRICULTURE, FOOD AND RURAL RESOURCES, DEPARTMENT OF

DEPARTMENT TOTALS	2003-04	2004-05
OTHER SPECIAL REVENUE FUNDS	\$0	\$1,747,646
	<hr/>	<hr/>
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$1,747,646

ATTORNEY GENERAL, DEPARTMENT OF THE

Administration - Attorney General 0310

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

General Fund	2003-04	2004-05
Positions - Legislative Count	(0.000)	(1.000)
Personal Services	\$0	\$62,234
All Other	0	8,996
	<hr/>	<hr/>
General Fund Total	\$0	\$71,230

DEPARTMENT TOTALS	2003-04	2004-05
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COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820

2	GENERAL FUND	\$0	\$71,230
4	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$71,230

FINANCE AUTHORITY OF MAINE

Student Financial Assistance Programs 0653

Initiative: Allocates funds for the University of Maine System Scholarship Fund.

12	Other Special Revenue Funds	2003-04	2004-05
14	All Other	\$0	\$638,748
16	Other Special Revenue Funds Total	\$0	\$638,748

FINANCE AUTHORITY OF MAINE

18	DEPARTMENT TOTALS	2003-04	2004-05
20	OTHER SPECIAL REVENUE FUNDS	\$0	\$638,748
22	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$638,748

PUBLIC SAFETY, DEPARTMENT OF

Gambling Control Board

Initiative: Provide funds for one Director position, one State Police Lieutenant position, one State Police Sergeant position, one State Police Detective position, one Identification Specialist II position, one Auditor II position, 2 Public Safety Inspector I positions, 2 Clerk Typist III positions and general operating expenses, which include the installation and administration of an on-line monitoring system and the costs of conducting necessary background checks.

36	General Fund	2003-04	2004-05
38	Positions - Legislative Count	(0.000)	(10.000)
40	Personal Services	\$0	\$852,963
42	All Other	0	802,631
44	Capital Expenditures	0	55,000
	General Fund Total	\$0	\$1,710,594

PUBLIC SAFETY, DEPARTMENT OF

46	DEPARTMENT TOTALS	2003-04	2004-05
48	GENERAL FUND	\$0	\$1,710,594
50	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$1,710,594

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2 MAINE COMMUNITY COLLEGE SYSTEM,
BOARD OF TRUSTEES OF THE

4
6 Maine Community College System - Board
of Trustees 0556

8 Initiative: Allocates funds for the scholarship program.

10	Other Special Revenue Funds	2003-04	2004-05
	All Other	\$0	\$638,748
12			
	Other Special Revenue Funds Total	\$0	\$638,748

14	BOARD OF TRUSTEES OF THE MAINE		
16	COMMUNITY COLLEGE SYSTEM		
	DEPARTMENT TOTALS	2003-04	2004-05
18	OTHER SPECIAL REVENUE FUNDS	\$0	\$638,748
20			
	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$638,748

22	SECTION TOTALS	2003-04	2004-05
24	GENERAL FUND	\$0	\$1,781,824
26	OTHER SPECIAL REVENUE FUNDS	0	3,025,142
28	SECTION TOTAL - ALL FUNDS	\$0	\$4,806,966'

30 Further amend the bill by striking out all of the emergency
clause.

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

38 **SUMMARY**

40 This amendment is the minority report of the committee. This
42 amendment adopts most of the provisions of the majority amendment
with some exceptions. This amendment requires that membership
44 qualifications of the Department of Public Safety, Gambling
Control Board as proposed in the bill include experience in the
46 harness racing industry. It provides for municipal approval for
the renewal of a slot machine license. Municipal decisions would
be subject to appeal to the Gambling Control Board. The
48 requirement that nongambling service vendors and their employees
be licensed by the Gambling Control Board is removed in this
50 amendment. The amendment also strengthens the on-line monitoring

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COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820

2 of slot machines required in the bill by specifying that slot
3 machines be controlled by a central site computer system operated
4 by the State. The amendment requires as a condition of the slot
5 machine operator license that the operator enter into an
6 agreement with the host municipality that provides for revenue
7 sharing and a security plan for the licensed slot machine
8 facility. The amendment establishes initial application fees for
9 slot machine operators and distributors of \$200,000 and for
10 registration of slot machines of \$100. Renewal fees would be
11 determined by the board to cover costs of administration of
12 licensing and registrations. For slot machine operators, there
13 would be an additional renewal fee of \$75,000, \$25,000 of which
14 would go directly to the host municipality, with the remainder
15 going to the General Fund. The amendment also requires that the
16 Gambling Control Board take final action on applications for slot
17 machine licenses no later than September 30, 2004.

18 This amendment differs from the majority report in that it
19 requires that commercial tracks conduct a minimum number of race
20 dates as a condition of maintaining the operation of slot
21 machines. It removes the provision of the bill that requires
22 gambling services vendor employees to be licensed by the Gambling
23 Control Board and instead authorizes the board to issue work
24 permits to employees per rules adopted by the board. It also
25 reduces the statewide limit on the number of slot machines to be
26 licensed in the State as proposed in the bill from 3,000 to
27 1,500. Finally, the amendment changes the allocation of gross
28 slot machine income so that the operator retains 63% and the
29 remaining 37% is distributed as follows:

- 30 1. Four percent to the General Fund for administrative
31 expenses of the board, including gambling addiction counseling
32 services;
- 33 2. Seven percent to supplement harness racing purses;
- 34 3. One percent to the Sire Stakes Fund;
- 35 4. Three percent to the Agricultural Fair Support Fund;
- 36 5. Fourteen percent to the Fund for a Healthy Maine for
37 prescription drug benefits;
- 38 6. Four percent for University of Maine System
39 scholarships; and
40
41
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45
46

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COMMITTEE AMENDMENT "B" to H.P. 1342, L.D. 1820

2 7. Four percent for Maine Community College System
3 scholarships.

4

6

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



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

LD 1820

**An Act To Establish the Gambling Control Board To License and
Regulate Slot Machines at Commercial Harness Racing Tracks**

LR 2664(04)

Fiscal Note for Bill As Amended by Committee Amendment " "

Committee: Legal and Veterans Affairs

Fiscal Note Required: Yes

Minority Report

Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Net Cost (Savings)				
General Fund	\$161,116	\$323,185	\$710,760	\$182,799
Fund For Healthy Maine	\$0	\$425,832	(\$1,303,056)	(\$3,322,800)
Appropriations/Allocations				
General Fund	\$0	\$1,781,824	\$2,088,894	\$3,630,776
Other Special Revenue Funds	\$0	\$3,025,142	\$6,196,338	\$15,761,947
Revenue				
General Fund	(\$161,116)	\$1,458,639	\$1,378,134	\$3,447,977
Fund For Healthy Maine	\$0	(\$425,832)	\$1,303,056	\$3,322,800
Other Special Revenue Funds	(\$38,717)	(\$991,813)	\$1,294,900	\$3,369,480

Fiscal Detail and Notes

This bill effectively amends certain provisions of IB 2003, c.1 (LD 1371) which authorized slot machines to be located at commercial horse racing tracks. The revenue impacts of IB 2003, c.1 were factored into budgeted revenue estimates. The revenue impacts identified above for the General Fund and the Fund for a Healthy Maine reflect the net (incremental) revenue impacts of amending the Initiated Bill. However, because the Initiated Bill could not be amended by the Legislature to include the necessary appropriations and allocations it needed, the appropriations and allocations section included in this bill reflects the full costs of enacting this bill (LD 1820).

**Revenue Summary of General Fund, Fund for Healthy Maine and Other Special Revenue
Baseline Revenue from IB 2003, c.1 (LD 1371)**

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
General Fund				
Baseline Revenue for IB 2003, c.1; LD 1371	\$161,116	(\$337,327)	(\$414,236)	(\$1,055,603)
Revenue Generated by LD 1820	\$0	\$1,121,312	\$963,898	\$2,392,374
Net General Fund Revenue Effect	(\$161,116)	\$1,458,639	\$1,378,134	\$3,447,977
Fund for Healthy Maine				
Baseline revenue for IB 2003, c.1; LD 1371	\$0	\$2,661,450	\$3,257,640	\$8,307,000
Revenue Generated by LD 1820	\$0	\$2,235,618	\$4,560,696	\$11,629,800
Net Fund For Healthy Maine Revenue Effect	\$0	(\$425,832)	\$1,303,056	\$3,322,800
Other Special Revenue Funds				
Baseline revenue for IB 2003, c.1; LD 1371	\$38,717	\$4,016,955	\$4,901,438	\$12,392,467
Revenue Generated by LD 1820	\$0	\$3,025,142	\$6,196,338	\$15,761,947
Net Other Special Revenue Funds Effect	(\$38,717)	(\$991,813)	\$1,294,900	\$3,369,480

This bill is different from the initiated bill in several respects:

First, because of the delay in implementation since the initiated bill became law (effective date of January 4, 2004), the fiscal impacts for fiscal year 2003-04 identified in the initiated bill are no longer applicable.

Second, this bill replaces the State Harness Racing Commission as the agency charged with the regulatory responsibility for overseeing the use of slot machines at race tracks with a new Gambling Control Board which will be part of the Department of Public Safety. The use of a different regulatory agency results in different enforcement costs.

Third, the distribution of proceeds from gross slot income has been significantly changed, including a reduction in the distribution for the owner of the racetrack and new distributions for certain functions of state and municipal government. A number of distributions to state government remain unchanged.

Finally, the method by which the regulatory costs of state government are paid has been changed. The Initiated Bill reserved 1% of gross slot income as Other Special Revenue for the costs that would be incurred by Maine State Government to provide administrative and regulatory oversight over the operation of the authorized slot machine facilities. Because this was not adequate to cover the costs of state government, the fiscal note for the Initiated Bill reflected a significant General Fund cost. The provisions of this bill, as amended, specify that 4% of gross slot income is to be deposited into the General Fund. As in the initiated bill, the percentage of gross slot income that has been reserved for regulatory and enforcement purposes in this bill is not adequate to cover those costs and will have to be supplemented by additional General Fund resources.

Presented below is an estimate of the potential revenue and subsequent distribution that may be generated assuming one licensed slot machine operator with a total of 1,500 slot machines by the end of fiscal year 2006-07. This table includes a breakdown of the General Fund and Other Special Revenue Funds impacts.

<u>Summary of Slot Machine Revenue</u>	2004-05	2005-06	2006-07
Total Slot Machine Revenue	\$159,687,000	\$325,764,000	\$830,700,000
90% Payback	\$143,718,300	\$293,187,600	\$747,630,000
Gross Slot Income	\$15,968,700	\$32,576,400	\$83,070,000
63% of Gross Slot Income to Licensee	\$10,060,281	\$20,523,132	\$52,334,100
37% of Gross Slot Income to State & Host Municipality	\$5,908,419	\$12,053,268	\$30,735,900
<u>Required Distribution of Gross Slot Income (37% State & Host Municipality Share)</u>			
General Fund (4%)	\$638,748	\$1,303,056	\$3,322,800
Fund For Healthy Maine (14%)	\$2,235,618	\$4,560,696	\$11,629,800
Purse Supplements (7%)	\$1,117,809	\$2,280,348	\$5,814,900
Agricultural Fair Support Fund (3%)	\$479,061	\$977,292	\$2,492,100
FAME (4%)	\$638,748	\$1,303,056	\$3,322,800
Sire Stakes Fund (1%)	\$159,687	\$325,764	\$830,700
Maine Community College System (4%)	\$638,748	\$1,303,056	\$3,322,800
<u>Other Revenue Impacts:</u>			
License fees to the General Fund	\$524,250	\$74,563	\$124,563
Reimbursements to the General Fund	\$161,116	\$0	
<u>Impact on Lottery - Diverted "Gaming/Gambling" Revenue to Slot Machines</u>			
5% of Gross Slot Income	\$798,435	\$1,628,820	\$4,153,500
25% General Fund Transfer	(\$199,609)	(\$407,205)	(\$1,038,375)
<u>Impact on Harness Racing - Diverted "Gaming/Gambling" Revenue to Slot Machines</u>			
2% of Gross Slot Income	\$319,374	\$651,528	\$1,661,400
Loss of Revenue from diverted revenue by Fund/Account:			
General Fund	(\$3,194)	(\$6,515)	(\$16,614)
Subtotal General Fund Revenue	(\$202,803)	(\$413,720)	(\$1,054,989)
<u>Other Special Revenue Funds</u>			
- Purse Supplements	(\$5,749)	(\$11,728)	(\$29,905)
- Sire Stakes Fund	(\$3,162)	(\$6,450)	(\$16,448)
- Agricultural Fair Support Fund	(\$3,673)	(\$7,493)	(\$19,106)
- Commercial Racetracks	(\$3,960)	(\$8,079)	(\$20,601)
- Promotional Board	(\$798)	(\$1,629)	(\$4,154)
Subtotal Dedicated Revenue	(\$17,342)	(\$35,379)	(\$90,214)
<u>Summary of Expenditure Impacts</u>			
General Fund:			
- Attorney General	\$71,230	\$71,230	\$71,230
- Public Safety	\$1,710,594	\$2,017,664	\$3,559,546
General Fund Total	\$1,781,824	\$2,088,894	\$3,630,776

Other Special Revenue Funds:			
- Agriculture, Food and Rural Resources	\$1,747,646	\$3,565,226	\$9,091,347
- Public Safety (Host Municipalities)	\$0	\$25,000	\$25,000
- FAME	\$638,748	\$1,303,056	\$3,322,800
- Maine Community College System	\$638,748	\$1,303,056	\$3,322,800
Other Special Revenue Total	\$3,025,142	\$6,196,338	\$15,761,947

Summary of Revenue Impacts

General Fund:

- 4% of Gross Slot Income	\$638,748	\$1,303,056	\$3,322,800
- Reimbursements	\$161,116	\$0	\$0
- License fees to the General Fund	\$524,250	\$74,563	\$124,563
- Diverted Lottery Revenue	(\$199,609)	(\$407,205)	(\$1,038,375)
- Diverted Pari-mutuel Revenue	(\$3,194)	(\$6,515)	(\$16,614)
General Fund Total	\$1,121,311	\$963,899	\$2,392,374

Fund for Healthy Maine:

- Proceeds From Slot Machines	\$2,235,618	\$4,560,696	\$11,629,800
Fund for Healthy Maine - Total	\$2,235,618	\$4,560,696	\$11,629,800

Other Special Revenue Funds:

- Agriculture, Food and Rural Resources	\$1,747,646	\$3,565,226	\$9,091,347
- Public Safety (Host Municipalities)	\$0	\$25,000	\$25,000
- FAME	\$638,748	\$1,303,056	\$3,322,800
- Maine Community College System	\$638,748	\$1,303,056	\$3,322,800
Other Special Revenue Total	\$3,025,142	\$6,196,338	\$15,761,947