

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1169

H.P. 812

House of Representatives, March 8, 2005

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

Reference to the Committee on Legal and Veterans Affairs suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PATRICK of Rumford.
Cosponsored by Senator BRYANT of Oxford and
Representatives: DUPLESSIE of Westbrook, FLETCHER of Winslow, JACKSON of Fort
Kent, JENNINGS of Leeds, PINEAU of Jay, SAVIELLO of Wilton, SMITH of Van Buren,
Senator: GAGNON of Kennebec.

Be it enacted by the People of the State of Maine as follows:

2
4 **Sec. 1. 8 MRSA §372, sub-§2, ¶I**, as amended by PL 2003, c. 673, Pt. MM, §1, is further amended to read:

6 I. Carry on a continuous study and investigation of the
8 lotteries throughout the State and the operation and
10 administration of similar laws that may be in effect in
12 other jurisdictions. The director, subject to the prior
14 approval of the commission, may enter into a written
agreement with a multijurisdictional lottery association for
the operation, marketing and promotion of a joint lottery or
joint lottery games with other jurisdictions.

16 Any final agreement entered into with a multijurisdictional
lottery association must provide that the director has the
18 authority to terminate the agreement upon the provision of
reasonable notice, not to exceed 6 months. The final
20 agreement must further provide that the director may
22 terminate the agreement at any time, without prior notice,
in the event that the director's authority is withdrawn or
limited by law; and

24 **Sec. 2. 8 MRSA §372, sub-§2, ¶J**, as enacted by PL 1991, c. 780,
Pt. Y, §112, is amended to read:

26 J. Assign duties as necessary to a designee; and

28 **Sec. 3. 8 MRSA §372, sub-§2, ¶K** is enacted to read:

30 K. Carry out the duties assigned to the director under
32 Title 17, chapter 16, including developing and maintaining a
34 central computer system to monitor licensed video gaming
36 terminals and coordinating and cooperating with the Chief of
the State Police or the chief's designee in implementing and
enforcing that chapter.

38 **Sec. 4. 8 MRSA §374, sub-§1, ¶L**, as amended by PL 1997, c.
40 301, §1, is further amended to read:

42 L. The apportionment of the total annual revenue accruing
44 from the sale of lottery tickets or shares and from all
46 other sources for the payment of prizes to the holders of
48 winning tickets or shares; for the payment of costs incurred
in the operation and administration of the lotteries,
including the expenses of the commission and the costs
resulting from any contract or contracts entered into for
promotional, advertising, consulting or operational services
or for the purchase or lease of lottery equipment and

2 materials; for the repayment of the money appropriated to
the State Lottery Fund; and for transfer to the General Fund
4 for distribution pursuant to section 387; and

6 **Sec. 5. 8 MRSA §374, sub-§1, ¶M**, as enacted by PL 1997, c.
301, §2, is amended to read:

8 M. The imprinting on all lottery tickets sold in the State
of the overall odds of winning a prize for each game; and

10 **Sec. 6. 8 MRSA §374, sub-§1, ¶N** is enacted to read:

12 N. Rules to administer and enforce Title 17, chapter 16,
14 which may be adopted jointly with the Chief of the State
16 Police. These rules are major substantive rules pursuant to
Title 5, chapter 375, subchapter 2-A.

18 **Sec. 7. 17 MRSA §348** is enacted to read:

20 **§348. Applicability**

22 Except as expressly provided in chapter 16, this chapter
24 does not apply to video gaming terminals.

26 **Sec. 8. 17 MRSA c. 16** is enacted to read:

28 **CHAPTER 16**

30 **VIDEO GAMING TERMINALS**

32 **SUBCHAPTER 1**

34 **GENERAL PROVISIONS**

36 **§361. Definitions**

38 As used in this chapter, unless the context otherwise
indicates, the following terms have the following meanings.

40 **1. Associated equipment.** "Associated equipment" means any
42 proprietary device, machine or part used in the manufacture or
maintenance of a video gaming terminal, including, but not
44 limited to, integrated circuit chips, printed wired assemblies,
printed wired boards, printing mechanisms, video display monitors
and metering devices.

46 **2. Director.** "Director" means the Director of the Bureau
48 of Alcoholic Beverages and Lottery Operations within the
Department of Administrative and Financial Services.

50

2 **3. Drug abuser.** "Drug abuser" has the same meaning as set
forth in Title 5, section 20003, subsection 10.

4 **4. Drug addict.** "Drug addict" has the same meaning as set
forth in Title 5, section 20003, subsection 11.

6 **5. Drug-dependent person.** "Drug-dependent person" has the
8 same meaning as set forth in Title 5, section 20003, subsection
10 12.

12 **6. Engaged in reckless or negligent conduct.** "Engaged in
14 reckless or negligent conduct" means that the applicant, either
16 consciously disregarding or failing to be aware of a risk that
18 the applicant's conduct would cause such a result, engaged in
20 conduct that in fact created a substantial risk of death, serious
22 bodily injury or bodily injury to another human being and the
applicant's disregard or failure to be aware of that risk, when
viewed in light of the nature and purpose of the applicant's
conduct and the circumstances known to the applicant, involved a
gross deviation from the standard of conduct that a reasonable
and prudent person would observe in the same situation.

24 **7. Formal charging instrument.** "Formal charging
instrument" means a complaint, an indictment, information, a
juvenile petition or other formal written accusation against a
person for some criminal or juvenile offense.

28 **8. Fugitive from justice.** "Fugitive from justice" means a
30 person described in Title 15, section 201, subsection 4; or 18
32 United States Code, Section 921, Subsection (a), Paragraph (15);
or a person subject to an outstanding warrant of arrest in this
State or any other jurisdiction for a crime punishable by
imprisonment for one year or longer.

34 **9. Illegal gaming machine.** "Illegal gaming machine" or
36 "illegal machine" means a machine as defined in section 330 that:

38 A. Is required to be licensed under this chapter, but is
40 not so licensed;

42 B. Is required to be licensed under chapter 14, but is not
so licensed; or

44 C. Is licensed under either chapter 14 or this chapter, but
46 is being operated in a manner that violates the license.

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

2 10. Licensee. "Licensee" means a person licensed by the
Chief of the State Police to operate a video gaming terminal.

4 11. Net terminal income. "Net terminal income" means money
6 inserted into a video gaming terminal minus credits paid out in
cash.

8 12. Operate. "Operate" means to offer for use.

10 13. Payback value. "Payback value" means the value of
12 credits granted to players by a video gaming terminal compared to
the value of money inserted into the terminal by players,
14 calculated as a percentage on an annual basis.

16 14. Person. "Person" means an individual, corporation,
association or partnership.

18 15. Video gaming terminal. "Video gaming terminal" means a
20 machine that, upon insertion of coin or currency, is available to
play or simulate the play of a video game authorized by the Chief
22 of the State Police, including, but not limited to, poker, keno,
blackjack and line games using a video display and
24 microprocessor, in which by chance the player may receive free
games or credits that may be redeemed for cash.

26 16. Video gaming terminal manufacturer. "Video gaming
28 terminal manufacturer" means a person who assembles or produces
video gaming terminals or associated equipment for sale or use in
30 this State.

32 17. Video gaming terminal wholesaler. "Video gaming
34 terminal wholesaler" means a person who sells video gaming
terminals or associated equipment for distribution in this State.

36 **§362. License required**

38 A person may not manufacture, sell, operate or place a video
40 gaming terminal for use in this State unless the person is
licensed to do so by the Chief of the State Police. A person may
42 not place for use or operate a video gaming terminal in this
State unless the machine is licensed by the Chief of the State
44 Police.

46 **§363. Administration and enforcement**

48 The Chief of the State Police and the director shall
administer and enforce the provisions of this chapter as
50 specified in this chapter.

2
3 **§364. Powers and duties of Chief of State Police**

4 **1. Powers.** In addition to powers conferred by any other
5 provision of law, the Chief of the State Police may:

6 A. Regulate, supervise and exercise general control over
7 the operation of video gaming terminals;

8
9 B. Investigate the direct or indirect ownership or control
10 of a video gaming terminal or associated equipment by any
11 licensee;

12
13 C. Adopt rules necessary to administer and enforce this
14 chapter, including jointly with the Maine State Lottery
15 Commission. Rules adopted pursuant to this paragraph are
16 major substantive rules as defined in Title 5, chapter 375,
17 subchapter 2-A;

18
19 D. In any investigation conducted under this chapter, issue
20 subpoenas to compel the attendance of witnesses and the
21 production of evidence relevant to any fact at issue; and

22
23 E. Approve or disapprove terms and conditions of uniform
24 location agreements.

25 **2. Duties.** The Chief of the State Police shall:

26
27 A. Investigate or cause to be investigated all complaints
28 made to the State Police and all violations of this chapter
29 or the rules adopted under this chapter;

30
31 B. Adopt rules, which are major substantive rules pursuant
32 to Title 5, chapter 375, subchapter 2-A, to prevent
33 undesirable conduct relating to the operation of video
34 gaming terminals, including the following:

35
36 (1) The practice of any fraud or deception upon a
37 player of a video gaming terminal;

38
39 (2) The presence of a video gaming terminal on
40 premises that may be unsafe due to fire hazard or other
41 such conditions;

42
43 (3) The use of obscene advertising;

44
45 (4) The solicitation on a public way of persons to
46 play video gaming terminals;

47
48 (5) The infiltration of organized crime into the
49 operation of video gaming terminals;
50

2 (6) The presence of disorderly persons in a location
3 where video gaming terminals are in use; and

4 (7) The use of the word "casino" to describe any video
5 gaming terminal licensed under this chapter or as the
6 name or any part of the name of the licensed premises
7 or of a portion of the premises where the video gaming
8 terminal is located; and

9 C. Direct the director to disable any video gaming terminal
10 if the Chief of the State Police has reason to believe that:

11 (1) A person has illegally tampered with the terminal
12 as described in section 394, subsection 2;

13 (2) The funds from the terminal have not been
14 distributed, deposited or allocated in accordance with
15 section 383;

16 (3) The terminal does not meet the licensure
17 requirements of this chapter; or

18 (4) The licensee is guilty of criminal conduct.

19 **§365. Powers and duties of director**

20 **1. Powers.** In addition to powers conferred by any other
21 provision of law, the director may:

22 A. Propose to the State Liquor and Lottery Commission for
23 adoption rules necessary to administer and enforce this
24 chapter, including rules to be adopted jointly with the
25 Chief of the State Police. These rules are major
26 substantive rules pursuant to Title 5, chapter 375,
27 subchapter 2-A; and

28 B. Subject to approval of the State Liquor and Lottery
29 Commission and to any applicable laws relating to public
30 contracts, enter into a contract for performance of the
31 director's duties under this chapter. All contracts must be
32 awarded in accordance with rules adopted by the Department
33 of Administrative and Financial Services pursuant to Title
34 5, chapters 141 to 145 and Title 5, sections 1812 and 1813.
35 A contract awarded or entered into by the director may not
36 be assigned by the holder of the contract, except by
37 specific approval of the commission.

38 **2. Duties.** The director shall:

39

- 2 A. Contract to purchase or lease video lottery terminals
3 and place or cause to be placed video lottery terminals on
4 premises licensed under this chapter;

- 6 B. Develop, install and test a central computer system with
7 continuous on-line polling to all licensed video gaming
8 terminals to provide auditing program information. The
9 system may not limit participation to only one manufacturer
10 of video gaming terminals by either the cost of implementing
11 the necessary program modifications to communicate or an
12 inability to communicate with the central computer system;

- 14 C. Maintain and monitor the central computer system to
15 ensure compliance with this chapter;

- 16 D. Attempt to determine the cause of any video gaming
17 terminal malfunction detected by the central computer system
18 and notify the Chief of the State Police of any suspected
19 tampering with a video gaming terminal or any other
20 violation of this chapter or the rules adopted under this
21 chapter;

- 24 E. Cause the central computer system to disable a video
25 gaming terminal as directed by the Chief of the State Police
26 in accordance with section 364;

- 28 F. Collect funds due the State under section 383 and
29 deposit them in the Video Gaming Fund established in section
30 384;

- 32 G. Immediately notify the Chief of the State Police of the
33 failure of any licensee to comply with section 383;

- 34 H. Certify monthly to the Treasurer of State, the Maine
35 State Lottery Commission and the Commissioner of
36 Administrative and Financial Services a full and complete
37 statement of all video gaming terminal revenue, credits
38 disbursed by licensees, administrative expenses and the
39 allocation of net terminal income for the preceding month;

- 42 I. Submit by January 15th an annual report to the Governor
43 and the joint standing committee of the Legislature having
44 jurisdiction over gaming matters. The report must include
45 information on video gaming terminal revenue, credits
46 disbursed by licensees, administrative expenses and the
47 allocation of net terminal income for the preceding year;

- 48 J. Prepare and submit to the Commissioner of Administrative
49 and Financial Services a budget; and
50

2 K. Cooperate with the Chief of the State Police in
3 implementing and enforcing the provisions of this chapter.

4 **§366. Applicability of chapter 14**

6 Except as expressly provided in this chapter, chapter 14
7 does not apply to video gaming terminals. Section 335 relating
8 to use of proceeds applies to the use of net terminal income by
9 licensees under this chapter.

10 **SUBCHAPTER 2**

12 **LICENSING**

14 **§371. License to operate**

16 1. Eligible entities. The Chief of the State Police may
18 issue a license to operate video gaming terminals to a person who:

20 A. Is eligible for a license to conduct games of chance
21 pursuant to section 332;

22 B. Is exempt from federal taxation under the Internal
24 Revenue Code, Section 501(c)(8), 501(c)(10) or 501(c)(19);
25 and

26 C. Owns or leases the premises upon which the video gaming
28 terminals will be located and uses those premises to fulfill
29 the primary charitable or nonprofit purpose of the
30 organization. If the premises are leased, the lease must
31 run for a term longer than the license term.

32 2. Qualifications for license. A person may be issued a
34 license to operate a video gaming terminal if the person is
35 eligible for a license under subsection 1 and has sufficient
36 financial assets to meet the financial obligations imposed by
37 this chapter and a method acceptable to the Chief of the State
38 Police for meeting those obligations, and the individual and each
39 officer, director or partner of the corporation, association or
40 partnership:

42 A. Has not been convicted in Maine or any other
43 jurisdiction of a misdemeanor crime of domestic violence,
44 within the meaning of 18 United States Code, Section 921,
45 Subsection (a), Paragraph (33);

46 B. Does not have a formal charging instrument pending in
48 Maine or any other jurisdiction for a misdemeanor crime of
49 domestic violence, within the meaning of 18 United States
50 Code, Section 921, Subsection (a), Paragraph (33);

2 C. Has not been convicted in Maine or any other
4 jurisdiction within the past 3 years of 3 or more crimes
6 punishable by imprisonment for less than one year, if those
8 convictions arose from different criminal episodes;

10 D. Has not engaged within the past 3 years in reckless or
12 negligent conduct that is substantiated by information of
14 record by a governmental entity;

16 E. Is current in payment of all taxes, interest and
18 penalties owed to the State or to a municipality, excluding
20 items under formal dispute or appeal pursuant to applicable
22 statutes or ordinances;

24 F. Has not been involved in any criminal activity and has
26 not been convicted of a crime punishable by one year or more
28 of imprisonment in any jurisdiction unless at least 10 years
30 have passed since satisfactory completion of the sentence or
32 probation imposed by the court for the crime;

34 G. Has not been convicted of a violation of this chapter or
36 chapter 14 or of equivalent laws in any other state;

38 H. Has not been adjudicated within the past 3 years of
40 having committed a juvenile offense involving conduct that,
42 if committed by an adult, would cause the Chief of the State
44 Police to refuse to approve a license application under this
46 section;

48 I. Is not a fugitive from justice, a drug abuser, a drug
50 addict, a drug-dependent person, an illegal alien or a
person who was discharged from the United States Armed
Forces under dishonorable conditions within 3 years prior to
the date of application;

J. Has completed the application form and complied with the
requirements of section 375; and

K. Has not knowingly made a false statement of material
fact to the Chief of the State Police in applying for a
license under this chapter or chapter 14.

3. Local approval of application for license. The Chief of
the State Police may not issue or renew a license to operate a
video gaming terminal;

A. Until the initial application for the license or renewal
is first approved by the municipal officers of the
municipality in which the applicant's premises are located

2 or, if the premises are located in an unincorporated place,
3 until the application is approved by the county
4 commissioners of the county in which the unincorporated
5 place is located; and

6 B. Until the voters of the municipality in which the
7 applicant's premises are located or, if the premises are
8 located in an unincorporated place, the voters of the county
9 in which the applicant's premises are located have approved
10 the operation of video gaming terminals.

11 **4. Hearing process.** The municipal officers or, in the case
12 of an unincorporated place, the county commissioners of the
13 county in which the unincorporated place is located may hold a
14 public hearing for the consideration of the applications for new
15 video gaming terminal licenses. The municipal officers or county
16 commissioners may hold a public hearing for the consideration of
17 requests for renewal of licenses.

18 A. The Chief of the State Police shall prepare and supply
19 license application forms.

20 B. The municipal officers or the county commissioners shall
21 provide, at the applicant's prepaid expense, public notice
22 of a hearing held under this section by causing a notice
23 stating the time and place of hearing to appear at least 6
24 consecutive days before the date of the hearing in a daily
25 newspaper having general circulation in the municipality or
26 unincorporated place where the premises are located or 2
27 consecutive weeks before the date of the hearing in a weekly
28 newspaper having general circulation in the municipality or
29 unincorporated place where the premises are located.

30 C. In granting or denying an application, the municipal
31 officers or the county commissioners shall indicate the
32 reasons for their decision and provide a written statement
33 of their reasons to the applicant. Denial of an initial
34 application and refusal to renew a license by the municipal
35 officers is subject to appeal to the Chief of the State
36 Police.

37 **§372. Placement and ownership of terminals**

38 **1. Number of terminals; location.** No more than 5 video
39 gaming terminals may be placed on the premises of a licensee. A
40 terminal may not be placed in any location other than the
41 premises of the licensee. A licensee must own or control the
42 premises on which a video gaming terminal is located. The
43 terminal area must be designed to permit the licensee or an agent
44 of the licensee to see and control the area at all times to
45 ensure compliance with the provisions of this chapter.

2 **§373. Licensing of terminals**

4 **1. License required.** A video gaming terminal may not be
6 placed for public use or operated in this State unless the
8 terminal is licensed by the Chief of the State Police and owned
10 or leased and placed in a licensed facility by the Bureau of
12 Alcoholic Beverages and Lottery Operations. The terminal license
must be prominently displayed on the terminal. Language
describing the odds of winning the game and warning of the danger
of compulsive gambling must also be prominently displayed on the
terminal.

14 **2. Requirements for license.** To be licensed, a video
16 gaming terminal:

18 **A. May offer only games permitted by the Chief of the State
Police;**

20 **B. May not have any means of manipulation that affect the
random probabilities of winning a game;**

22 **C. May not directly dispense coins, cash or tokens;**

24 **D. Must have one or more mechanisms that accept coin or
cash in the form of bills and that are designed to prevent a
26 person from obtaining credits without paying;**

28 **E. Must be designed to suspend operation until reset if a
30 person attempts, by physical or other tampering, to obtain
credits without paying;**

32 **F. Must have nonresettable meters housed in a readily
34 accessible locked terminal area that keep a permanent record
of all cash inserted into the video gaming terminal, credits
36 awarded by the terminal, credits played for video games and
credits distributed by tickets made by the terminal's
38 printer;**

40 **G. Must be capable of printing a ticket voucher stating the
value of the credits for the player at the end of play, the
42 time of day in 24-hour format showing hours and minutes, the
date, the terminal's serial number, the sequential number of
44 the ticket voucher, and an encrypted validation number from
which the validity of the credits may be determined;**

46 **H. Must have accounting software that keeps an electronic
48 record of information that includes, but is not limited to,
total cash inserted into the video gaming terminal, total
50 credits awarded by the terminal, total credits played for**

2 video games, total credits distributed by tickets made by
3 the terminal's printer and the payback percentage of each
4 video game; and

5 I. Must be linked to the central computer system developed
6 under section 365 to provide auditing program information.

7 3. Amount of play; payback value. A video gaming terminal
8 may be played for a maximum of \$5 in a single game. A video
9 gaming terminal may not accept more than \$20 at a time. The
10 maximum prize awarded may not exceed the value of \$1,250. The
11 payback value of each type of video game offered by each terminal
12 must be at least 80%.

13 4. Examination of prototypes. The Chief of the State
14 Police and the Attorney General shall examine all prototypes of
15 video gaming terminals and associated equipment for which a video
16 gaming terminal manufacturer seeks a license as required in this
17 chapter. The Chief of the State Police shall require the
18 manufacturer seeking the examination and approval of the video
19 gaming terminal or associated equipment to pay the anticipated
20 actual cost of the examination before the examination occurs.
21 After the examination occurs, the Chief of the State Police shall
22 refund overpayments or charge and collect amounts sufficient to
23 reimburse the Chief of the State Police for underpayments of
24 actual cost. The Chief of the State Police may contract for the
25 examinations of video gaming terminals and associated equipment
26 as required by this section.

27 5. Illegal gaming machine. An illegal gaming machine is
28 subject to seizure and forfeiture to the State pursuant to
29 sections 395 and 396.

30 §374. Licensing of manufacturer or wholesaler

31 1. Qualifications. To be licensed as a video gaming
32 terminal manufacturer or wholesaler, a person must meet the
33 qualifications set forth in section 371, subsection 2.

34 2. Limitation on ownership. A partnership, corporation,
35 person, individual partner or shareholder of more than 5% of a
36 corporation or an immediate family member of a person, individual
37 partner or shareholder of more than 5% of a corporation may not
38 have ownership interests in more than one distributor. For the
39 purposes of this subsection, "immediate family" means a spouse,
40 child, parent, stepchild or stepparent.

41 3. Preparation of list. The Chief of the State Police
42 shall prepare a list of state-certified distributors of video
43 gaming terminals.

2 **§375. Applications; investigation**

4 1. Form. An application for a license required under this
6 chapter must be on a form provided by the Chief of the State
8 Police. The application must be signed by the individual
10 applicant or by a duly authorized officer of the partnership,
12 corporation or association applying for the license. The
application must contain, but is not limited to, the following
information regarding the individual applicant and each officer,
director, partner or owner of any interest in a partnership,
corporation or association applying for a license:

14 A. Full name;

16 B. Full current address and addresses for the prior 5 years;

18 C. A record of previous issuances of, refusals to issue and
20 revocations of a license under this chapter; and

22 D. Answers to the following questions posed in
substantially the following form:

24 (1) "Is there a formal charging instrument now pending
26 against you in this or any other jurisdiction for a
28 crime that is punishable by imprisonment for one year
or more or for a misdemeanor crime of domestic
violence?"

30 (2) "Is there a formal charging instrument now pending
32 against you in this or any other jurisdiction for a
34 juvenile offense that involves conduct that, if
36 committed by an adult, would be punishable by
imprisonment for one year or more or would constitute a
misdemeanor crime of domestic violence?"

38 (3) "Have you ever been convicted of a crime described
40 in subparagraph (1) or adjudicated as having committed
a juvenile offense as described in subparagraph (2)?"

42 (4) "Are you a fugitive from justice?"

44 (5) "Are you a drug abuser, drug addict or
drug-dependent person?"

46 (6) "Have you been discharged from the United States
48 Armed Forces under dishonorable circumstances within
the past 5 years?"

50 (7) "Are you an illegal alien?"

2 (8) "Have you been convicted within the past 3 years
4 of 3 or more crimes punishable by imprisonment of less
 than one year?"

6 (9) "Have you been adjudged within the past 3 years to
8 have committed 3 or more juvenile offenses involving
 conduct that, if committed by an adult, would be
10 punishable by imprisonment of less than one year?"

12 (10) "To your knowledge, have you engaged within the
 past 3 years in reckless or negligent conduct that is
14 substantiated by the records of a governmental entity?"

16 **2. Signature as certification.** Each applicant, by affixing
 the applicant's signature to the application, certifies the
18 following:

20 A. That the statements made in the application and any
 documents made a part of the application are true and
22 correct;

24 B. That the applicant understands that an affirmative
 answer to one or more of the questions in subsection 1,
26 paragraph D is cause for refusal; and

28 C. That the applicant understands that knowingly making any
 false statement in the application or any document made a
30 part of the application is grounds for a refusal to issue a
 license or for revocation or suspension of a license.

32 **3. Consent to review records.** At the request of the Chief
 of the State Police or the chief's designee, the applicant shall
34 take whatever action is necessary to permit the Chief of the
 State Police to examine all accounts and records in the
36 applicant's possession, under the applicant's control or under
 the control of 3rd parties but accessible by consent of the
38 applicant and shall authorize all 3rd parties in possession or in
 control of those accounts or records to allow the Chief of the
40 State Police or a designee to examine the accounts and records as
 the Chief of the State Police determines necessary to ascertain:

42 A. Whether the information supplied on the application or
44 on any documents made a part of the application is true and
 correct;

46 B. Whether each of the requirements of this section has
48 been met; and

2 C. Whether the applicant meets the requirements for
3 licensure under this chapter.

4 This requirement includes taking whatever action is necessary to
5 permit the Chief of the State Police or a designee to have access
6 to confidential records held by banks, the courts, law
7 enforcement agencies and the military for the purposes stated in
8 this subsection.

10 **4. Investigations; national criminal history record check.**
11 Any individual applying for a license, any partner of a
12 partnership or any officer, director or holder of any ownership
13 interest of a corporation or association applying for a license
14 as a licensee, manufacturer or wholesaler must submit to a
15 background investigation by the Chief of the State Police to
16 verify the applicant's compliance with the requirements of
17 section 371, subsection 2. In order to determine the eligibility
18 of an applicant for a license under this chapter, the Chief of
19 the State Police shall require the applicant to furnish a full
20 set of fingerprints to enable a criminal background investigation
21 to be conducted. The Chief of the State Police shall submit the
22 fingerprints to the Federal Bureau of Investigation for a
23 national criminal history record check.

24 **5. Notification of municipal officers.** An applicant for a
25 license to operate a video gaming terminal must send a copy of
26 the application to the officers of the municipality or
27 unincorporated place in which the terminal will be operated. The
28 applicant must certify in the application that the copy has been
29 sent and must list the names and addresses of the persons to whom
30 the copy was sent.

31 **§376. Fees; term of license; nontransferable**

32 **1. License levels; fees.** The annual fee for a license
33 issued under this chapter is as follows:

34 A. A license for a video gaming terminal manufacturer is a
35 Level 1 license and the fee for a video gaming terminal
36 manufacturer license is \$3,500;

37 B. A license for a video gaming terminal wholesaler is a
38 Level 1 license and the fee for a video gaming terminal
39 wholesaler license is \$3,500; and

40 C. A license to operate a video gaming terminal is a Level
41 2 license and the fee for a video gaming terminal operator
42 license is \$500 per terminal.

2 In addition to the annual license fee, the Chief of the State
3 Police may charge a one-time application fee for a license issued
4 under this chapter in an amount equal to the actual cost of
5 processing the application and performing any background
6 investigations. All fees collected pursuant to this section must
7 be deposited directly into the Video Gaming Fund established in
8 section 384.

10 2. Term of license. All licenses issued by the Chief of
11 the State Police under this chapter are effective for one year
12 and are renewable annually, unless sooner revoked pursuant to
13 section 377.

14 3. Nontransferable. A license issued under this chapter is
15 not transferable or assignable.

16 4. Levels of license; prohibition against multiple
17 licenses. A person licensed as a video gaming terminal
18 manufacturer or wholesaler under section 374 has a Level 1
19 license. A licensee under section 371 has a Level 2 license. A
20 person may not hold more than one level of license.

22 **§377. Actions relating to licenses**

24 1. Refusal to renew license. The Chief of the State Police
25 may refuse to renew a license issued under this chapter for just
26 cause after a hearing in accordance with the Maine Administrative
27 Procedure Act.

30 2. Suspension of license by Chief of State Police. The
31 Chief of the State Police may suspend a license issued under this
32 chapter for just cause for a period of up to 180 days. The
33 license may be suspended under this subsection only if the Chief
34 of the State Police receives a written statement made under oath
35 from a law enforcement officer establishing probable cause for
36 the suspension. The Chief of the State Police shall immediately
37 notify the licensee in writing of the suspension and the date the
38 suspension is to take effect. If the licensee wishes to have a
39 hearing, the licensee must notify the District Court in writing
40 within 20 days of the date of the suspension. If a hearing is
41 requested, the license remains suspended pending the outcome of
42 the hearing. If the Chief of the State Police suspends a license
43 under this subsection, the licensee is entitled to a refund, on a
44 pro rata basis, of the license fee for the remainder of the
45 license period.

46 3. Suspension or revocation of license by District Court.
47 The District Court may suspend or revoke a license issued under
48 this chapter for just cause.

50

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

8 **§382. Payment of credits by licensee**

10 A licensee shall redeem credits for players who earn credits
11 on terminals located on the premises of that licensee in
12 accordance with rules adopted jointly by the Chief of the State
13 Police and the director. If a person receives a credit
14 redeemable for more than the minimum amount required by federal
15 law to be reported to the United States Internal Revenue Service,
16 the licensee shall require the person to complete a form listing
17 the person's name, address and social security number. The
18 licensee shall promptly send the form to the Department of
19 Administrative and Financial Services, Bureau of Revenue Services.

20 **§383. Allocation of funds**

22 **1. Allocation of net terminal income.** Net terminal income
23 must be allocated as follows.

24 A. Thirty-four percent must be sent to the Treasurer of
25 State for deposit in the Video Gaming Fund established in
26 section 384.

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

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

36 **2. Deposit of state funds.** Each licensee shall maintain a
37 bank account accessible by the State for the deposit of funds
38 owed to the State under this chapter. The licensee shall deposit
39 in that account the State's share of the net terminal income
40 attributable to video gaming terminals owned or leased. The
41 licensee shall deposit in that account the State's share of net
42 terminal income attributable to terminals. If the day on which
43 funds must be deposited is not a business day, the funds must be
44 deposited on the next business day after that date.

2 3. Use of state share. At the end of each fiscal year
3 beginning after June 30, 2007, the Treasurer of State shall
4 transfer to the Local Government Fund created in Title 30-A,
5 section 5681 an amount equal to 50% of the state share of net
6 terminal income derived from video gaming terminals during that
7 fiscal year, net of state administrative costs. Not later than
8 30 days after the end of each fiscal year, the Treasurer of State
9 shall issue to municipalities that host an organization licensed
10 to operate video lottery terminals all unexpended amounts of the
11 state share, in proportion to the amount generated by video
12 lottery terminals operated in that municipality.

13 4. Failure to deposit funds. A licensee who willfully
14 fails to comply with this section commits a Class C crime. The
15 license of that person may be revoked by the District Court, and
16 the video gaming terminals to which the undeposited funds are
17 attributable may be disabled by the director at the direction of
18 the Chief of the State Police.

19 5. Late payments. All payments not remitted when due must
20 be paid together with a penalty assessment on the unpaid balance
21 at a rate of 1.5% per month.

22 §384. Video Gaming Fund

23 1. Fund created. There is established the Video Gaming
24 Fund. The fund consists of all revenue payable to the State
25 pursuant to sections 376 and 383 and all other money credited or
26 transferred to the fund from any other fund or source pursuant to
27 law.

28 2. Use of money. The money in the Video Gaming Fund may be
29 used only:

30 A. For expenses incurred in implementing or enforcing this
31 chapter that do not exceed 10% of the fund; and

32 B. For payment to the Local Government Fund pursuant to
33 section 383.

34 SUBCHAPTER 4

35 ENFORCEMENT AND PENALTIES

36 §391. Reports; records

37 1. Reports; records. The Chief of the State Police or the
38 director shall require from any licensed video gaming terminal,
39 manufacturer, wholesaler or licensee whatever records and reports
40 the chief or the director considers necessary for the
41 administration and enforcement of this chapter.

2 **2. Location.** A license holder shall maintain all records
4 required by this chapter or by rules adopted under this chapter
6 at the primary business office within this State of the license
8 holder or on the premises where the video gaming terminal is
10 operated. In the case of a video gaming terminal manufacturer or
12 wholesaler, the records must be maintained at the primary
14 business office of the manufacturer or wholesaler. The primary
16 business office must be designated by the license holder in the
 license application. All records must be open to inspection by
 the Chief of the State Police, the director or the designee of
 either of them, and a license holder may not refuse the Chief of
 the State Police, the director or the designee of either of them
 the right to inspect or audit the records. Refusal to permit
 inspection or audit of the records is not a crime under this
 chapter but does constitute grounds for revocation of the license.

18 **§392. Access to premises, equipment, records**

20 A person holding a license under this chapter shall permit
22 the Chief of the State Police or the chief's designee to inspect
24 any equipment, prizes, records or items and materials used or to
26 be used in the operation of any video gaming terminal
28 manufactured, owned or operated by that person. A person holding
30 a license under this chapter shall consent in writing to the
32 examination of all accounts, bank accounts and records in the
 license holder's possession or under the license holder's control
 and shall authorize all 3rd parties in possession or in control
 of those accounts or records to allow the Chief of the State
 Police or the chief's designee to examine the accounts and
 records as the chief determines necessary.

34 **§393. Contempt**

36 If a witness in a case involving a violation of this chapter
38 refuses to obey a subpoena issued by the Chief of the State
40 Police or to give any evidence relevant to proper inquiry by the
42 chief, the Attorney General may petition the Superior Court in
44 the county where the refusal occurred to find the witness in
46 contempt. The Attorney General shall cause to be served on the
48 witness an order requiring that witness to appear before the
 Superior Court to show cause why that witness should not be
 adjudged in contempt. The court shall, in a summary manner, hear
 the evidence and, if it is such as to warrant the court to do so,
 punish the witness in the same manner and to the same extent as
 for contempt committed before the Superior Court or with
 reference to the process of the Superior Court.

50 **§394. Violations**

2 1. Crimes by licensee. A licensee who negligently performs
3 any of the following acts commits a Class D crime:

4 A. Permitting a person under 21 years of age to play a
5 video gaming terminal licensed pursuant to this chapter;

6 B. Permitting a person to play a video gaming terminal
7 licensed pursuant to this chapter at a time other than a
8 time when the sale of liquor is permissible under Title
9 28-A, section 4, subsection 1;

10 C. Extending credit to a person in order for the person to
11 play a video gaming terminal;

12 D. Permitting a person to use a credit card as a method of
13 payment for playing a video gaming terminal; and

14 E. Permitting a visibly intoxicated person to play a video
15 gaming terminal.

16 2. Class C crimes by any person. A person who negligently
17 performs any of the following acts commits a Class C crime:

18 A. Tampering with a video gaming terminal with intent to
19 interfere with the proper operation of that terminal;

20 B. Manipulating or attempting to manipulate the outcome,
21 payoff or operation of a video gaming terminal by physical
22 tampering or any other means;

23 C. Manufacturing, distributing, selling, operating or
24 placing a video gaming terminal for use in this State
25 without a license or manufacturing, distributing, selling,
26 operating or placing an illegal terminal for use in this
27 State; and

28 D. Placing for public use or operating an unlicensed video
29 gaming terminal in this State.

30 3. Class D crimes by any person. A person who violates any
31 provision of this chapter or any rule adopted under this chapter
32 for which a specific penalty is not provided commits a Class D
33 crime.

34 **§395. Seizure and forfeiture of illegal gaming machines**

35 1. Forfeiture. An illegal gaming machine, including any
36 monetary contents and any funds that have passed through the
37 machine since the commission of the illegal act, is subject to
38 forfeiture to the State.

2 2. Court jurisdiction. An illegal gaming machine and any
3 monetary contents may be declared forfeited by any court that has
4 jurisdiction over the illegal machine or final jurisdiction over
5 any related criminal proceeding brought under this chapter or by
6 the Superior Court for Kennebec County. Property subject to
7 forfeiture may be kept or stored at any location within the
8 territorial boundaries of the State and is subject to the
9 authority of any court in which a petition seeking the forfeiture
10 of that property is filed.

12 3. Procedure. Forfeitures under this section must be
13 accomplished by the following procedure.

14 A. A district attorney or the Attorney General may petition
15 the Superior Court in the name of the State in the nature of
16 a proceeding in rem to order forfeiture of an illegal gaming
17 machine and any monetary contents. The petition must be
18 filed in the court having jurisdiction over the property.

19 B. The proceeding is an in rem civil action, in which the
20 State has the burden of proving all material facts by a
21 preponderance of the evidence.

22 C. The court shall order the State to give notice of the
23 pendency of the action and the right to be heard by
24 certified or registered mail or hand delivery by a deputy
25 sheriff to any person who appears to have an interest in the
26 illegal machine and any monetary contents. Receipt by a
27 person then licensed to operate a motor vehicle in the State
28 is presumed when notice is mailed to the last known address
29 of that person on file with the Department of the Secretary
30 of State, Bureau of Motor Vehicles.

31 D. The court shall promptly, but not less than 2 weeks
32 after notice, hold a hearing on the petition under paragraph
33 A after an answer is filed by a person served with notice
34 under paragraph C. At the hearing, the court shall hear
35 evidence and make findings of fact and enter conclusions of
36 law.

37 E. Based on the findings and conclusions, the court shall
38 issue a final order from which the parties have a right of
39 appeal. The final order must provide for disposition of the
40 illegal gaming machine and any monetary contents by the
41 State. Any revenue generated by the disposition of the
42 illegal machine and any monetary contents of the machine
43 must be used to pay the reasonable expenses of the
44 forfeiture proceedings, seizure, storage, maintenance of
45 custody, advertising and notice. The balance, if any, must
46 be deposited in the General Fund.

2 4. Records. Any law enforcement officer, department or
3 agency having custody of an illegal gaming machine or any
4 monetary contents of an illegal gaming machine, or having
5 disposed of the illegal gaming machine or any monetary contents,
6 shall keep and maintain during the pendency of the action full
7 and complete records in accordance with this subsection. Upon
8 issuance by the court of a final order ordering the disposition,
9 destruction or return of the illegal machine or the monetary
10 contents, the officer, department or agency shall transmit a copy
11 of those records to the Department of Public Safety for inclusion
12 into a centralized record.

14 A. The records must show:

16 (1) From whom the illegal machine and any monetary
17 contents were received;

18 (2) Under what authority the illegal machine and any
19 monetary contents are held, received or disposed of;

20 (3) To whom the illegal machine and any monetary
21 contents are delivered;

22 (4) The date and manner of destruction or disposition
23 of the illegal machine and any monetary contents; and

24 (5) The exact kinds, quantities and forms of illegal
25 gaming machines and the exact amount of any monetary
26 contents of any machine held in custody or disposed of.

27 B. The records must be open to inspections by all federal
28 and state officers authorized by the laws of the United
29 States, a state or territory of the United States or a
30 foreign nation to investigate or prosecute gambling laws.

31 C. The Department of Public Safety shall maintain a
32 centralized record of illegal machines seized. At least
33 quarterly, the department shall provide a report of the
34 disposition of property previously held by the department to
35 the Commissioner of Administrative and Financial Services
36 and the legislative Office of Fiscal and Program Review.
37 These records must include an estimate of the fair market
38 value of items seized.

39 5. Report to court. Persons making final disposition or
40 destruction of an illegal gaming machine or its monetary contents
41 under court order shall report, under oath, to the court the
42 exact circumstances of the destruction or disposition.
43

2 6. Seizure. An illegal gaming machine together with any
3 monetary contents is contraband and may be seized by any law
4 enforcement officer pursuant to subsection 7 or 8.

5 7. Process for seizure. At the request of the State ex
6 parte, the court may issue any preliminary order or process
7 necessary to seize or secure the property for which forfeiture is
8 sought and provide for its custody.

9 A. Process for seizure of the property may issue only upon
10 a showing of probable cause. The application for process
11 for seizure of the property and the issuance, execution and
12 return of the process are subject to the provisions of
13 applicable state law.

14 B. Any property subject to forfeiture under this section
15 may be seized upon process.

16 8. Seizure without process. Seizure without process may be
17 made when seizure is incident to a legal search or inspection if
18 the law enforcement officer has probable cause to believe the
19 property seized is an illegal gaming machine.

20 **§396. Criminal forfeiture**

21 1. Forfeiture upon conviction of violation. A person
22 convicted of a violation of this chapter forfeits to the State
23 all rights, privileges, interests and claims to property that is
24 subject to forfeiture pursuant to section 395.

25 2. Proceeding by indictment. Property subject to
26 forfeiture that is not yet the subject of a final order pursuant
27 to section 395 may be proceeded against by indictment or
28 superseding indictment of a grand jury in any related criminal
29 proceeding in which one or more persons with an interest in the
30 property have been simultaneously indicted for one or more
31 violations of this chapter. At any time prior to trial, the
32 State, with the consent of the court and any defendant with an
33 interest in the property, may file an ancillary charging
34 instrument or information alleging that that property is subject
35 to criminal forfeiture. Upon commencement of a criminal
36 forfeiture by indictment or information of any property that may
37 be the subject of any pending civil action commenced pursuant to
38 section 395, the civil action must be immediately stayed and
39 subrogated to the criminal forfeiture action. Discovery in the
40 criminal action must be as provided by the Maine Rules of
41 Criminal Procedure.

42 3. Seizure upon finding of probable cause. Property subject
43 to forfeiture that has not already been seized but has been
44 seized by a law enforcement officer pursuant to subsection 7 or 8.

2 indicted by a grand jury pursuant to this section may also be
3 ordered seized based upon the grand jury's finding of probable
4 cause pursuant to section 395.

5 **4. Trial against property.** Trial against property charged
6 by indictment or information may be by jury and must be held in a
7 single proceeding together with the trial of the related criminal
8 violation. Forfeiture of the property must be proved by the
9 State by a preponderance of the evidence. The court, in its
10 discretion, may allow any defendant with an interest in property
11 indicted pursuant to this section to waive the right to trial by
12 jury as against the property while preserving the right to trial
13 by jury of any crime alleged. At trial by jury, the court, upon
14 motion of a defendant or the State, may separate the trial of the
15 matter against the defendant from the trial of the matter against
16 the property subject to criminal forfeiture. If the court
17 bifurcates the jury trial, the court shall first instruct and
18 submit to the jury the issue of the guilt or innocence of
19 defendants to be determined by proof beyond a reasonable doubt
20 and shall restrict argument of counsel to those issues. After a
21 verdict upon the guilt or innocence of all defendants, the court
22 shall instruct and submit to the jury the issue of the forfeiture
23 of the property to be determined by proof by a preponderance of
24 the evidence and the court shall restrict argument to those
25 issues. A special verdict must be returned as to the extent of
26 the interest in property subject to forfeiture, if any.

27 **5. Person interested in forfeited property.** A person not
28 charged in the indictment may not intervene in the criminal
29 action. Following the entry of a verdict of forfeiture of
30 property pursuant to this section or the entry of a guilty plea
31 in open court on the record, the State shall provide written
32 notice of its intent to dispose of the property to any person
33 known to have alleged an interest in the property. The notice
34 may be by certified, return receipt mail or as otherwise ordered
35 by the court. Receipt by a person then licensed to operate a
36 motor vehicle in the State is presumed when notice is mailed to
37 the last known address of that person on file with the Department
38 of the Secretary of State, Bureau of Motor Vehicles. A person
39 other than the defendant asserting a legal interest in the
40 property within 30 days of the date of receipt of the notice may
41 petition the court for a hearing to adjudicate the validity of
42 any alleged interest in the property. The hearing must be held
43 before the court without jury. The request for the hearing must
44 be signed by the petitioner under penalty of perjury and must
45 state the nature and extent of the petitioner's right, title or
46 interest in the property, the time and circumstances of the
47 petitioner's acquisition of the right, title or interest in the
48 property, any additional facts supporting the petitioner's claim
49 and the relief sought. Upon the filing of any petition for
50 relief.

2 hearing, the court shall schedule the hearing as soon as
4 practicable, but in no event later than 6 months after the
6 petition is filed or after the sentencing of any defendant
8 convicted upon the same indictment. The court shall issue or
amend a final order of forfeiture in accordance with its
determination if, after the hearing, the court determines that
the petitioner has established by a preponderance of the evidence
that:

10 A. The petitioner has a legal right, title or interest in
12 the property and the right, title or interest renders the
14 order of forfeiture invalid in whole or in part because the
16 right, title or interest was vested in the petitioner rather
18 than any defendant or was superior to any right, title or
interest to the exclusion of any defendant at the time of
the commission of the acts that gave rise to the forfeiture
of the property under this section; and

20 B. The petitioner is a bona fide purchaser for value of the
22 right, title or interest in the property and was at the time
of purchase reasonably without cause to believe that the
property was subject to forfeiture under this section.

24 6. Title to property following forfeiture. Following the
26 entry of a verdict of forfeiture of property pursuant to this
28 section or the entry of a guilty plea in open court on the
30 record, the State has clear title to property that is the subject
of the indictment or information and order of forfeiture and may
order all or a portion of the property forfeited to the State to
be disposed of pursuant to section 395.

32 **§397. Payment to Attorney General**

34 As provided in Title 5, section 203, the Bureau of the State
36 Police shall pay the Attorney General from the Video Gaming Fund
for legal services provided pursuant to this chapter.

38 **§398. Implementation**

40 A video gaming terminal may not be operated under this
42 chapter before April 1, 2004.

44 **§399. Rules**

46 Rules adopted pursuant to this chapter are major substantive
48 rules pursuant to Title 5, chapter 375, subchapter 2-A.

Sec. 9. 22 MRS c. 276 is enacted to read:

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CHAPTER 276

COMPULSIVE GAMBLER REHABILITATION

§1700-A. Compulsive Gambler Rehabilitation Fund

1. Creation of fund. The Compulsive Gambler Rehabilitation Fund, referred to in this section as "the fund," is established as a nonlapsing fund to provide rehabilitation services to persons who are compulsive gamblers and are determined to be eligible according to rules adopted by the department under subsection 2.

2. Administration. The department shall administer the fund through the Office of Substance Abuse and shall adopt rules as necessary to administer the fund and to determine the criteria for eligible recipients. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

3. Funds. In addition to funds deposited pursuant to Title 8, section 383, the fund may receive money from any source, including grants, gifts, bequests and donations.

Sec. 10. 28-A MRSA §807 is enacted to read:

§807. Notice to Chief of State Police

The commission shall notify the Chief of the State Police of the suspension or revocation of any license under this chapter. The commission shall also notify the Chief of the State Police of any investigation of a violation of any provision of this Title.

Sec. 11. 28-A MRSA §1054, sub-§11, ¶C is enacted to read:

C. A municipality may not combine a permit to operate a video gaming terminal, as defined in Title 17, section 361, with any other permit. The fee for a permit to operate a video gaming terminal may not be higher than the fee for any other special entertainment permit issued by the municipality.

Sec. 12. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Nonprofit Gaming

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

6	General Fund	2004-05	2005-06
	Positions - Legislative Count	(0.000)	(2.000)
8	Personal Services	\$0	\$81,518
	All Other	0	2,668,750
10		<hr/>	<hr/>
	General Fund Total	\$0	\$2,750,268

12 **ADMINISTRATIVE AND FINANCIAL**
 14 **SERVICES, DEPARTMENT OF**
 16 **DEPARTMENT TOTALS**

		2004-05	2005-06
16	GENERAL FUND	\$0	\$2,750,268
18		<hr/>	<hr/>
	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$2,750,268

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

24 **Harness Racing Commission 0320**

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

	Other Special Revenue Funds	2004-05	2005-06
30	All Other	\$0	(\$37,014)
32		<hr/>	<hr/>
	Other Special Revenue Funds Total	\$0	(\$37,014)

34 **AGRICULTURE, FOOD AND RURAL**
 36 **RESOURCES, DEPARTMENT OF**
 38 **DEPARTMENT TOTALS**

		2004-05	2005-06
38	OTHER SPECIAL REVENUE FUNDS	\$0	(\$37,014)
40		<hr/>	<hr/>
	DEPARTMENT TOTAL - ALL FUNDS	\$0	(\$37,014)

42 **ATTORNEY GENERAL, DEPARTMENT OF THE**

44 **Administration - Attorney General 0310**

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

2	General Fund	2004-05	2005-06
	Positions - Legislative Count	(0.000)	(1.000)
	Personal Services	\$0	\$62,234
4	All Other	0	8,664
6	General Fund Total	<hr/> \$0	<hr/> \$70,898
8	ATTORNEY GENERAL, DEPARTMENT OF THE		
	DEPARTMENT TOTALS	2004-05	2005-06
10	GENERAL FUND	\$0	\$70,898
12	DEPARTMENT TOTAL - ALL FUNDS	<hr/> \$0	<hr/> \$70,898
14			
16	HEALTH AND HUMAN SERVICES,		
	DEPARTMENT OF		
18	Office of Substance Abuse 0679		
20	Initiative: Allocates funds for the newly established Compulsive		
	Gambler Rehabilitation Fund.		
22			
	Other Special Revenue Funds	2004-05	2005-06
24	All Other	\$0	\$96,390
26	Other Special Revenue Funds Total	<hr/> \$0	<hr/> \$96,390
28	HEALTH AND HUMAN SERVICES,		
	DEPARTMENT OF		
30	DEPARTMENT TOTALS	2004-05	2005-06
32	OTHER SPECIAL REVENUE FUNDS	\$0	\$96,390
34	DEPARTMENT TOTAL - ALL FUNDS	<hr/> \$0	<hr/> \$96,390
36	PUBLIC SAFETY, DEPARTMENT OF		
38	State Police - Nonprofit Gaming Enforcement		
40	Initiative: Appropriates funds for one Sergeant position and a		
	portion of the operating costs necessary to enforce the legal		
42	requirements of nonprofit video gaming.		
44	General Fund	2004-05	2005-06
	Positions - Legislative Count	(0.000)	(1.000)
46	Personal Services	\$0	\$99,416
	All Other	0	68,236
48	General Fund Total	<hr/> \$0	<hr/> \$167,652
50			

2 **State Police - Nonprofit Gaming Enforcement**

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

8

	2004-05	2005-06
9 Other Special Revenue Funds		
10 Positions - Legislative Count	(0.000)	(6.000)
11 Personal Services	\$0	\$383,524
12 All Other	0	45,442
13		
14 Other Special Revenue Funds Total	<u>\$0</u>	<u>\$428,966</u>

15

PUBLIC SAFETY, DEPARTMENT OF		
DEPARTMENT TOTALS	2004-05	2005-06
16		
17 GENERAL FUND	\$0	\$167,652
18		
19 OTHER SPECIAL REVENUE FUNDS	0	428,966
20		
21		
22 DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$596,618</u>

23 **TREASURER OF STATE, OFFICE OF**

24 **Nonprofit Gaming - Municipal Distribution**

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

28

	2004-05	2005-06
29 Other Special Revenue Funds		
30 All Other	\$0	\$1,930,349
31		
32 Other Special Revenue Funds Total	<u>\$0</u>	<u>\$1,930,349</u>

33 **State - Municipal Revenue Sharing 0020**

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

36

	2004-05	2005-06
37 Other Special Revenue Funds		
38 All Other	\$0	\$1,930,349
39		
40 Other Special Revenue Funds Total	<u>\$0</u>	<u>\$1,930,349</u>

41

TREASURER OF STATE, OFFICE OF		
DEPARTMENT TOTALS	2004-05	2005-06
42		
43		
44		
45		
46		
47		
48		

2	OTHER SPECIAL REVENUE FUNDS	\$0	\$3,860,698
4	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$3,860,698
6	SECTION TOTALS	2004-05	2005-06
8	GENERAL FUND	\$0	\$2,988,818
10	OTHER SPECIAL REVENUE FUNDS	0	4,349,040
12	SECTION TOTAL - ALL FUNDS	\$0	\$7,337,858

14 **SUMMARY**

16 This bill allows operation of video gaming terminals by
18 nonprofit organizations that are eligible for games of chance
20 licenses and that are exempt from federal tax under the Internal
22 Revenue Code, Section 501(c)(8), 501(c)(10) or 501(c)(19). These
24 sections of the tax code refer to fraternal benefit societies,
26 domestic fraternal societies and associations and veterans'
28 organizations. Organizations that currently have licenses for
electronic video machines but do not qualify under one of those
code sections may apply for an initial license while they seek
the required federal tax status. The organization applying for
the license must own or lease the premises on which the terminals
will be placed and must use the premises for its charitable or
nonprofit purpose.

30 Video gaming terminals operated by organizations licensed
32 under this bill must be owned or leased by the Department of
34 Administrative and Financial Services, Bureau of Alcoholic
36 Beverages and Lottery Operations. Video gaming terminal
38 manufacturers, wholesalers and operators must be licensed by the
40 Chief of the State Police, following background investigations of
42 the applicants and their major business partners. Local approval
is required for a license to operate video gaming terminals and
is also required for renewal of a license to operate video gaming
terminals, and municipal decisions are subject to appeal to the
Chief of the State Police in accordance with the Maine
Administrative Procedure Act.

44 The license specifies the number of video gaming terminals
46 allowed on the premises, and the maximum number of terminals
48 allowed is 5 per licensee. Terminals must be licensed by the
50 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 within the Department of
Administrative and Financial Services. By the end of a 5-year
phase-in period, this computer system must provide continuous

2 on-line monitoring of video gaming terminal activity. Persons
under 21 years of age are not allowed to use the machines. The
4 bill specifies that if an organization's liquor license is
suspended, the license to operate video gaming terminals is also
6 suspended until the liquor license is reinstated. Only members
of the organization and their guests are allowed to play. The
8 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.

10
12 Net terminal income, which is income after payback to
players, is divided among the State, the municipalities, a
14 compulsive gambling fund for prevention and treatment of
compulsive gambling and the charitable organization. The bill
16 provides that 2% of the net terminal income goes to the
Compulsive Gambler Rehabilitation Fund and 65% to the licensee.
18 The bill provides that 23% of the net terminal income goes to the
State for payment into the Video Gaming Fund for administrative
20 expenses not to exceed 10%; the rest of the Video Gaming Fund is
divided between municipal revenue sharing and the municipalities
22 that host the organizations that operate video gaming terminals.
Host municipalities receive their share in proportion to the
24 amount of revenue that is generated by video gaming terminals in
their municipality.

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

32 The bill also specifies that any rules put forth by the
Bureau of Alcoholic Beverages and Lottery Operations and the
34 Chief of the State Police to administer and enforce the laws
related to video gaming by nonprofits are major substantive rules.
36