

MAINE STATE LEGISLATURE

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H. of S.

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Date: 6/12/07

L.D. 890

(Filing No. H-564)

Minority

LEGAL AND VETERANS AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
123RD LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 675, L.D. 890, Bill, "An Act To Allow the Awarding of Prize Money from Gambling Machines Run by Nonprofit Organizations"

Amend the bill by striking out all of section 7 and inserting the following:

Sec. 7. 8 MRSA §1018, sub-§1, as amended by PL 2005, c. 663, §7, is further amended to read:

1. Fees. The application fee for a license and the annual fee for a registered slot machine under this chapter are as set out in this subsection.

A. The initial registration fee for a registered slot machine is \$100. The annual renewal fee is \$100 for each registered slot machine.

B. The initial application fee for a slot machine distributor license is \$200,000. The annual renewal fee is \$75,000.

C. The initial application fee for a slot machine operator license for the operator of a commercial track is \$200,000. The initial application fee for a slot machine operator license for a nonprofit organization is \$675. The annual renewal fee for a slot machine operator license for the operator of a commercial track is \$75,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing slot machine operators and determined by dividing the costs of administering the slot machine operator licenses by the total number of slot machine operators licensed by the board. The annual renewal fee for a slot machine operator license for a nonprofit organization is \$250.

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

E. The initial application fee for an employee license under section 1015 is \$250, except that the initial application fee for an employee of a nonprofit organization slot machine operator is \$135. The annual renewal fee is \$25.

COMMITTEE AMENDMENT

A. of S.

COMMITTEE AMENDMENT "A" to H.P. 675, L.D. 890

1 In addition to the application fee for a license or annual fee for a registered slot machine,
2 the board may charge a one-time application fee for a license or registration listed in
3 paragraphs A to E in an amount equal to the projected cost of processing the application
4 and performing any background investigations. If the actual cost exceeds the projected
5 cost, an additional fee may be charged to meet the actual cost. If the projected cost
6 exceeds the actual cost, the difference may be refunded to the applicant. All fees
7 collected pursuant to this section must be deposited directly to the General Fund, except
8 that \$25,000 of the annual renewal fee for a slot machine operator who is the operator of
9 a commercial track must be deposited to the Gross Slot Income Other Special Revenue
10 Fund account within the Gambling Control Board to be transferred to the municipality in
11 which the slot machines are operated, in accordance with subsection 2. All application
12 and registration fees are nonrefundable and are due upon submission of the application.'

13 Amend the bill in section 11 in §1037 in subsection 2 in the 2nd line (page 7, line 7 in
14 L.D.) by striking out the following: "35%" and inserting the following: '50%'

15 Amend the bill in section 11 in §1037 in subsection 2 in paragraph A in the first line
16 (page 7, line 10 in L.D.) by striking out the following: "Twenty-four" and inserting the
17 following: 'Thirty-nine'

18 Amend the bill by adding before the summary the following:

19 'Sec. 12. Appropriations and allocations. The following appropriations and
20 allocations are made.

21 LEGISLATURE

22 Legislature 0081

23 Initiative: Provides funds for contracted staff services, travel expenses and fees for
24 speakers and trade policy experts invited by the Citizen Trade Policy Commission to
25 attend meetings of the commission.

26	OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
27	All Other	\$200,000	\$200,000
28			
29	OTHER SPECIAL REVENUE FUNDS TOTAL	\$200,000	\$200,000

30	LEGISLATURE		
31	DEPARTMENT TOTALS	2007-08	2008-09
32			
33	OTHER SPECIAL REVENUE FUNDS	\$200,000	\$200,000
34			
35	DEPARTMENT TOTAL - ALL FUNDS	\$200,000	\$200,000

36 PUBLIC SAFETY, DEPARTMENT OF

COMMITTEE AMENDMENT

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 675, L.D. 890

1 **Gambling Control Board Z002**

2 Initiative: Provides funds for one additional State Police Detective position, 2 additional
3 Public Safety Inspector I positions and operating costs necessary to regulate the operation
4 of slot machines in certain nonprofit organizations.

5	GENERAL FUND	2007-08	2008-09
6	POSITIONS - LEGISLATIVE COUNT	3.000	3.000
7	Personal Services	\$147,902	\$207,967
8	All Other	\$364,991	\$268,500
9			
10	GENERAL FUND TOTAL	\$512,893	\$476,467

11 **Gambling Control Board Z002**

12 Initiative: Provides allocations to allow distribution of funds to host municipalities.

13	OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
14	All Other	\$368,397	\$561,906
15			
16	OTHER SPECIAL REVENUE FUNDS TOTAL	\$368,397	\$561,906

17 **Gambling Control Board Z002**

18 Initiative: Provides allocations for the distribution of funds intended for gambling
19 addiction counseling services.

20	OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
21	All Other	\$36,840	\$56,191
22			
23	OTHER SPECIAL REVENUE FUNDS TOTAL	\$36,840	\$56,191

24 **PUBLIC SAFETY, DEPARTMENT OF**
25 **DEPARTMENT TOTALS**

26		2007-08	2008-09
27	GENERAL FUND	\$512,893	\$476,467
28	OTHER SPECIAL REVENUE FUNDS	\$405,237	\$618,097
29			
30	DEPARTMENT TOTAL - ALL FUNDS	\$918,130	\$1,094,564

COMMITTEE AMENDMENT

of S.
COMMITTEE AMENDMENT "A" to H.P. 675, L.D. 890

1	SECTION TOTALS	2007-08	2008-09
2			
3	GENERAL FUND	\$512,893	\$476,467
4	OTHER SPECIAL REVENUE FUNDS	\$605,237	\$818,097
5			
6	SECTION TOTAL - ALL FUNDS	\$1,118,130	\$1,294,564
7			

8 **SUMMARY**

9 This amendment changes the license fees for a nonprofit organization slot machine
10 operator and its employees as provided in the bill. Under this amendment the initial
11 license fee for a nonprofit organization slot machine operator is \$675 with an annual
12 renewal fee of \$250. A license for an employee of a nonprofit slot machine operator,
13 under this amendment, is \$135 with an annual renewal fee of \$25. This amendment
14 retains the provisions in the bill that provide that slot machines operated at nonprofit
15 organizations are subject to the same enforcement structure as slot machines operated at
16 commercial tracks, including but not limited to requiring any person who provides
17 gambling services to be licensed and requiring on-site supervision and the ability of the
18 central site monitoring system to remotely shut down machines if it is determined
19 necessary by enforcement authorities.

20 This amendment also changes the distribution of slot machine income so that the
21 nonprofit keeps 50% of the net income and the General Fund receives 39%. Distributions
22 of 1% for gambling addiction services and of 10% for the municipality are unchanged.

23 This amendment also adds an appropriations and allocations section.

24 **FISCAL NOTE REQUIRED**

25 (See attached)



123rd MAINE LEGISLATURE

LD 890

LR 173(02)

An Act To Allow the Awarding of Prize Money from Gambling Machines Run by Nonprofit Organizations

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

Committee: Legal and Veterans Affairs

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	(\$1,447,303)	(\$2,216,806)	(\$2,129,935)	(\$2,119,016)
Appropriations/Allocations				
General Fund	\$512,893	\$476,467	\$486,865	\$497,784
Other Special Revenue Funds	\$605,237	\$818,097	\$801,310	\$801,310
Revenue				
General Fund	\$1,960,196	\$2,693,273	\$2,616,800	\$2,616,800
Other Special Revenue Funds	\$605,237	\$818,097	\$801,310	\$801,310

Correctional and Judicial Impact Statements

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

Sentences for more than nine months imposed for a Class C crime must be served in a state correctional facility. The average cost to the state for each sentence is \$70,308 based on an average length of stay of 1 year, 10 months.

Sentences of nine months or less imposed for a Class C crime must be served in a county jail. The average cost to a county for each sentence is \$19,947 based on an average length of stay of 6 months and 2 days.

Fiscal Detail and Notes

Presented below is a detailed estimate of revenues and subsequent distribution that may be generated assuming the approval of the host municipal governance body and the successful licensure of one hundred nonprofit organizations to operate slot machines:

<u>Summary of Slot Machine Revenue</u>	2007-08	2008-09	2009-10	2010-11
Total Slot Machine Revenue	\$40,933,035	\$62,433,979	\$60,738,356	\$60,738,356

Payback	\$36,839,732	\$56,190,581	\$54,664,521	\$54,664,521
General Fund Administration @ 1%	\$409,330	\$624,340	\$607,384	\$607,384
Net Slot Machine Income @ 10%	\$3,683,974	\$5,619,058	\$5,466,452	\$566,452
50% of Net Slot Machine Income to State & Host Municipality	\$1,841,987	\$2,809,529	\$2,733,226	\$2,733,276

	2007-08	2008-09	2009-10	2010-11
<u>Required Distribution of Net Slot Machine Income (40% State & Host Municipality Share)</u>				
General Fund (39%)	\$1,236,750	\$1,991,433	\$1,931,916	\$1,931,916
Host Municipalities (10%)	\$368,397	\$561,906	\$546,645	\$546,645
Distribution to Citizen Trade Policy Commission	\$200,000	\$200,000	\$200,000	\$200,000
Gambling addiction counseling services (1%)	\$36,840	\$56,191	\$54,665	\$54,665

Other Revenue Impacts:

License fees to the General Fund	\$153,000	\$77,500	\$77,500	\$77,500
Reimbursements to the General Fund	\$161,116	\$0	\$0	\$0

Summary of Revenue Impacts

General Fund:

- 1% of Total Slot Income	\$409,330	\$624,340	\$607,384	\$607,384
- 39% of Net Slot Machine Income	\$1,236,750	\$1,991,433	\$1,931,916	\$1,931,916
- Reimbursements	\$161,116	\$0	\$0	\$0
- License fees to the General Fund	\$153,000	\$77,500	\$77,500	\$77,500
General Fund Total	\$1,960,196	\$2,693,273	\$2,616,800	\$2,616,800

Other Special Revenue Funds:

- Distribution to Citizen Trade Policy Commission	\$200,000	\$200,000	\$200,000	\$200,000
- Host Municipalities	\$368,397	\$561,906	\$546,645	\$546,645
- Gambling addiction counseling services	\$36,840	\$56,191	\$54,665	\$54,665
Other Special Revenue Total	\$605,237	\$818,097	\$801,310	\$801,310

	2007-08	2008-09	2009-10	2010-11
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Summary of Expenditure Impacts

General Fund Appropriations:

- Public Safety ¹	\$512,893	\$476,467	\$486,865	\$497,784
General Fund Total	\$0	\$365,041	\$412,909	\$427,595

Other Special Revenue Funds Allocations²:

Public Safety

- Host Municipalities	\$368,397	\$561,906	\$546,645	\$546,645
- Gambling addiction counseling services	\$36,840	\$56,191	\$54,665	\$54,665
Public Safety- Total	\$405,237	\$618,097	\$601,310	\$601,310

Legislature

- Citizen Trade Policy Commission	\$200,000	\$200,000	\$200,000	\$200,000
Other Special Revenue Total	\$605,237	\$818,097	\$801,310	\$801,310

Notes;

¹ The Gambling Control Board within the Department of Public Safety will require additional General Fund appropriations of \$512,893 and \$476,467 in fiscal years 2007-08 and 2008-09, respectively, for the costs of one Additional State Police Detective position, 2 additional Public Safety Inspector I positions and operating costs necessary to regulate the operation of slot machines in certain nonprofit organizations.

² Allocations are needed to allow the distribution of the additional dedicated revenue.