

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 985

I.B. 1

House of Representatives, March 8, 2011

An Act Regarding Establishing a Slot Machine Facility

Transmitted to the Clerk of the 125th Maine Legislature by the Secretary of State on March 7, 2011 and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

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

2 **Sec. 1. 8 MRSA §1001, sub-§23-A** is enacted to read:

3 **23-A. Host municipality.** "Host municipality" means a municipality within which a
4 slot machine facility is located or proposed to be located.

5 **Sec. 2. 8 MRSA §1003, sub-§2, ¶M,** as enacted by PL 2003, c. 687, Pt. A, §5
6 and affected by Pt. B, §11, is amended to read:

7 M. Inform ~~commercial track operators applying~~ all applicants for a license to
8 operate slot machines that any slot machines licensed by the board must be
9 compatible with the central site system of on-line monitoring used by the board;

10 **Sec. 3. 8 MRSA §1011,** as amended by PL 2005, c. 663, §6, is further amended to
11 read:

12 **§1011. License to operate**

13 The board shall exercise authority over the licensing of all persons participating in the
14 operation, distribution and maintenance of slot machines and slot machine facilities and
15 over the registration of slot machines.

16 **1. Operator license required.** A person may not operate any slot machine in the
17 State unless the person has been issued a license to operate slot machines by the board. A
18 slot machine operator license authorizes a licensee to own or lease slot machines operated
19 at a licensed gambling facility.

20 **2. Commercial track operators.** The board may accept applications for a license to
21 operate slot machines from any person who is licensed to operate a commercial track that
22 satisfies the following criteria:

23 A. The commercial track is located at or within a 5-mile radius of the center of a
24 commercial track that conducted harness racing with pari-mutuel wagering on more
25 than 25 days during calendar year 2002; and

26 B. The operation of slot machines at the commercial track is approved by the voters
27 of the municipality in which the commercial track to be licensed is located by
28 referendum election held at any time after December 31, 2002 and before December
29 31, 2003.

30 **2-A. Other eligible persons.** The board may accept applications for a license to
31 operate slot machines from any person whose application satisfies the following criteria:

32 A. The applicant proposes to operate slot machines at a slot machine facility within a
33 specific host municipality;

34 B. The host municipality has a population of at least 30,000;

35 C. No slot machines licensed under this chapter were in operation within the host
36 municipality as of July 1, 2010;

1 D. The applicant holds an option that was in effect on July 1, 2010 to purchase real
2 property located in and owned by the host municipality; and

3 E. The voters of the host municipality have approved the option under paragraph D
4 no later than July 1, 2010.

5 **3. Requirements for license; continued commercial track licensure.** The board
6 may not issue a license to operate slot machines to any person unless that person
7 demonstrates compliance with the qualifications set forth in sections 1016 and 1019. A
8 person who is granted a license to operate slot machines under subsection 2 must
9 maintain a license to operate a commercial track, without lapse, suspension or revocation
10 for the duration of the slot machine operator's license.

11 **4. Requirement for license; agreement with municipality where slot machines**
12 **are located.** A slot machine operator shall enter into an agreement with the municipality
13 where the slot machine operator's slot machines are located that provides for revenue
14 sharing or other compensation, including, but not limited to, a provision requiring the
15 preparation, in conjunction with the municipality, of a security plan for the premises on
16 which the slot machines are located. The revenue-sharing agreement must provide for a
17 minimum payment to the municipality of 3% of the net slot machine income derived from
18 the machines located in the municipality. This minimum payment requirement is
19 satisfied by a person licensed under subsection 2-A by compliance with section 1036,
20 subsection 2-A.

21 **5. Renewal.** Licenses to operate slot machines may be renewed upon application for
22 renewal in accordance with this subchapter, subject to board rules.

23 **6. Additional licenses.** Notwithstanding any other provision of law, if an additional
24 type of gambling-related license is authorized under this chapter or any other provision of
25 law after July 1, 2010, any person who holds a license under subsection 2 or 2-A is
26 automatically eligible to obtain such a license, regardless of the criteria imposed or
27 required to obtain such a license.

28 **Sec. 4. 8 MRSA §1012,** as enacted by PL 2003, c. 687, Pt. A, §5 and affected by
29 Pt. B, §11, is amended to read:

30 **§1012. Local approval for renewal of slot machine operator license**

31 An application for renewal of a slot machine operator license must first be approved
32 under this section by the municipal officers of the municipality in which the slot machine
33 facility or commercial track with slot machines is located or, if the slot machine facility
34 or commercial track is in an unincorporated place, the application must be approved by
35 the county commissioners of the county in which the slot machine facility or commercial
36 track with slot machines is located.

37 **1. Hearings.** Municipal officers or county commissioners, as the case may be, may
38 hold a public hearing for the consideration of a request for the renewal of a license to
39 operate slot machines, except that, when an applicant has held a license for the prior 5
40 years and a complaint has not been filed with the board against the applicant within that
41 time, the applicant may request a waiver of the hearing.

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

3 B. Municipal officers or county commissioners, as the case may be, shall provide
4 public notice of any hearing held under this section by causing, at the applicant's
5 prepaid expense, a notice stating the name and place of the hearing to appear on at
6 least 3 consecutive days before the date of the hearing in a daily newspaper having
7 general circulation in the municipality where the premises of the slot machine facility
8 or commercial track with slot machines are located or one week before the date of the
9 hearing in a weekly newspaper having general circulation in the municipality where
10 the premises are located.

11 C. If municipal officers or county commissioners, as the case may be, fail to take
12 final action on an application for a renewal of a slot machine operator license within
13 60 days of the filing of an application, the application is considered approved and
14 ready for action by the board. For purposes of this paragraph, the date of filing of the
15 application is the date the application is received by the municipal officers or county
16 commissioners.

17 **2. Findings.** In granting or denying an application under this section, municipal
18 officers or the county commissioners shall indicate the reasons for their decision and
19 provide a copy to the applicant. A license may be denied on one or more of the following
20 grounds:

21 A. Noncompliance of the slot machine facility or commercial track licensed to
22 operate slot machines with any local zoning ordinance or other land use ordinance not
23 directly related to slot machine operations;

24 B. Conditions of record such as waste disposal violations, health or safety violations
25 or repeated parking or traffic violations on or in the vicinity of the premises of the
26 slot machine facility or commercial track with slot machines and caused by persons
27 patronizing or employed by the slot machine facility or commercial track licensed to
28 operate slot machines or other such conditions caused by persons patronizing or
29 employed by the premises that unreasonably disturb, interfere with or affect the
30 ability of persons or businesses residing or located in the vicinity of the premises to
31 use their property in a reasonable manner;

32 C. Repeated incidents of record of breaches of the peace, disorderly conduct,
33 vandalism or other violations of law on or in the vicinity of the premises of the slot
34 machine facility or commercial track with slot machines and caused by persons
35 patronizing or employed by the slot machine facility or commercial track licensed to
36 operate slot machines; and

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

38 **3. Appeal to board.** Any applicant aggrieved by the decision of the municipal
39 officers or county commissioners under this section may appeal to the board within 15
40 days of the receipt of the written decision of the municipal officers or county
41 commissioners. The board shall hold a public hearing in the city, town or unincorporated
42 place where the premises of the slot machine facility or commercial track with slot
43 machines are situated. In acting on such an appeal, the board may consider all licensure

1 requirements and findings referred to in subsection 2. If the decision appealed is an
2 application denial, the board may issue the license only if it finds by clear and convincing
3 evidence that the decision was without justifiable cause.

4 **4. Appeal to District Court.** Any person or governmental entity aggrieved by a
5 board decision under this section may appeal the decision to the District Court within 30
6 days of receipt of the written decision of the board. An applicant who files an appeal or
7 who has an appeal pending shall pay the license renewal fee the applicant would
8 otherwise pay. Upon resolution of the appeal, if an applicant's license renewal is denied,
9 the board shall refund the applicant the prorated amount of the unused license fee.

10 **Sec. 5. 8 MRSA §1016, sub-§1,** as enacted by PL 2003, c. 687, Pt. A, §5 and
11 affected by Pt. B, §11, is amended to read:

12 **1. Minimum qualifications.** Notwithstanding Title 5, chapter 341, and in addition
13 to any requirements imposed by rules adopted by the board, a person must satisfy the
14 following qualifications to be a slot machine operator, a slot machine distributor, a
15 gambling services vendor or an employee of these entities:

16 A. The person has completed the application form, promptly and truthfully complied
17 with all information requests of the board and complied with any applicable rules
18 adopted by the board;

19 B. The person has sufficient financial assets and responsibility to meet any financial
20 obligations imposed by this chapter and, if applying for a slot machine operator
21 license or slot machine operator license renewal, has sufficient financial assets and
22 responsibility to continue operation of a slot machine facility or commercial track;

23 C. The person has not knowingly or recklessly made a false statement of material
24 fact in applying for a license under this chapter or any gambling-related license in
25 any other jurisdiction;

26 D. In the case of a person applying to be a slot machine operator, the person has
27 sufficient knowledge and experience in the business of operating slot machines to
28 effectively operate the slot machine facilities to which the license application relates
29 in accordance with this chapter and the rules and standards adopted under this
30 chapter;

31 E. The person has not had a gambling-related license application denied or an
32 adverse action taken against a gambling-related license by authorities in this State or
33 any other jurisdiction. For purposes of this paragraph, "adverse action" includes, but
34 is not limited to, a condition resulting from an administrative, civil or criminal
35 violation, a suspension or revocation of a license or a voluntary surrender of a license
36 to avoid or resolve a civil, criminal or disciplinary action;

37 F. If the applicant is a business organization, the applicant is organized in this State,
38 although that business organization may be a wholly or partially owned subsidiary of
39 an entity that is organized pursuant to the laws of another state or a foreign country;
40 and

41 G. The person and all key executives are citizens or permanent residents of the
42 United States.

1 ~~A person may not hold more than one class of license under this chapter unless the 2nd~~
2 ~~license is an employee license under section 1015.~~

3 **Sec. 6. 8 MRSA §1019, sub-§6**, as enacted by PL 2003, c. 687, Pt. A, §5 and
4 affected by Pt. B, §11, is amended to read:

5 **6. Proximity of licensed slot machine facilities.** A license may not be issued under
6 this chapter at any commercial track located within 100 miles of a licensed slot machine
7 facility. This subsection does not apply to any license issued under section 1011,
8 subsection 2-A or 6.

9 **Sec. 7. 8 MRSA §1020, sub-§3**, as amended by PL 2005, c. 663, §9, is repealed
10 and the following enacted in its place:

11 **3. Limits on total slot machines.** A slot machine operator may not operate more
12 than 1,500 slot machines at any one slot machine facility.

13 **Sec. 8. 8 MRSA §1035**, as amended by PL 2007, c. 611, §11, is further amended
14 to read:

15 **§1035. Location of slot machines**

16 Slot machines operated by persons licensed under section 1011, subsection 2 may be
17 located only on the premises of a commercial track. For the purposes of this section,
18 "premises of a commercial track" means property owned by the person who owns the
19 property on which a commercial track is located and that is either within 200 feet of the
20 outside edge of the racing oval or, if the commercial track was owned by a municipality
21 when a license to operate slot machines in association with that commercial track was
22 issued, within 2,000 feet of the center of the racing oval.

23 **Sec. 9. 8 MRSA §1036, sub-§2**, as amended by PL 2007, c. 466, Pt. A, §29, is
24 further amended to read:

25 **2. Distribution from commercial track.** A slot machine operator licensed under
26 section 1011, subsection 2 shall collect and distribute 39% of the net slot machine income
27 from slot machines operated by the slot machine operator to the board for distribution by
28 the board as follows:

29 A. Three percent of the net slot machine income must be deposited to the General
30 Fund for administrative expenses of the board, including gambling addiction
31 counseling services, in accordance with rules adopted by the board;

32 B. Ten percent of the net slot machine income must be forwarded by the board to the
33 Treasurer of State, who shall credit the money to the fund established in section 298
34 to supplement harness racing purses;

35 C. Three percent of the net slot machine income must be credited by the board to the
36 Sire Stakes Fund created in section 281;

1 D. Three percent of the net slot machine income must be forwarded by the board to
2 the Treasurer of State, who shall credit the money to the Agricultural Fair Support
3 Fund established in Title 7, section 91;

4 E. Ten percent of the net slot machine income must be forwarded by the board to the
5 State Controller to be credited to the Fund for a Healthy Maine established by Title
6 22, section 1511 and segregated into a separate account under Title 22, section 1511,
7 subsection 11, with the use of funds in the account restricted to the purposes
8 described in Title 22, section 1511, subsection 6, paragraph E;

9 F. Two percent of the net slot machine income must be forwarded by the board to the
10 University of Maine System Scholarship Fund created in Title 20-A, section 10909;

11 G. One percent of the net slot machine income must be forwarded by the board to the
12 board of trustees of the Maine Community College System to be applied by the board
13 of trustees to fund its scholarships program under Title 20-A, section 12716,
14 subsection 1;

15 H. Four percent of the net slot machine income must be forwarded by the board to
16 the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at
17 Maine's Commercial Tracks, established in section 299; however, the payment
18 required by this paragraph is terminated when all commercial tracks have obtained a
19 license to operate slot machines in accordance with this chapter;

20 I. Two percent of the net slot machine income must be forwarded by the board to the
21 Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track
22 Betting Facilities established by section 300, as long as a facility has conducted off-
23 track wagering operations for a minimum of 250 days during the preceding 12-month
24 period in which the first payment to the fund is required. After 48 months of
25 receiving an allocation of the net slot machine income from a licensed operator, the
26 percent of net slot machine income forwarded to the Fund to Stabilize Off-track
27 Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the
28 State in accordance with subsection 1; and

29 J. One percent of the net slot machine income must be forwarded directly to the
30 municipality in which the slot machines are located.

31 **Sec. 10. 8 MRSA §1036, sub-§2-A** is enacted to read:

32 **2-A. Distribution from other slot machine operators.** A slot machine operator
33 licensed under section 1011, subsection 2-A shall collect and distribute 40% of the net
34 slot machine income from slot machines operated by the slot machine operator to the
35 board for distribution by the board as follows:

36 A. Three percent of the net slot machine income must be forwarded by the board to
37 the Treasurer of State for distribution as determined by the joint standing committee
38 of the Legislature having jurisdiction over natural resources matters to support
39 bringing the Androscoggin River up to the minimum standards of water quality
40 classification of the state water classification program under Title 38, chapter 3,
41 subchapter 1, article 4-A and subsequently to support other water quality initiatives
42 for rivers in the State;

- 1 B. Two and seven-tenths percent of the net slot machine income must be forwarded
2 by the board to the Department of Economic and Community Development to be
3 used for renovations and improvements for downtown revitalization throughout the
4 State, and 0.3% of the net slot machine income must be forwarded by the board to the
5 host municipality to be used for renovations and improvements to its downtown;
- 6 C. Two and seven-tenths percent of the net slot machine income must be forwarded
7 by the board to the Efficiency Maine Trust established in Title 35-A, section 10103,
8 and 0.3% of the net slot machine income must be forwarded by the board to the host
9 municipality to be used to provide grants and low-interest loans to residents to
10 upgrade or convert homes or businesses to renewable clean energy sources as
11 determined by the Efficiency Maine Trust Board or the host municipality, as
12 applicable;
- 13 D. Three percent of the net slot machine income must be forwarded by the board for
14 distribution equally to each county in the State, other than the county in which the
15 host municipality is located, for their unrestricted use;
- 16 E. Three percent of the net slot machine income must be forwarded by the board to
17 the Treasurer of State for distribution as determined by the Department of Marine
18 Resources for maintenance, repairs and improvements to ports and fisheries in the
19 State, including for expenses attributable to bond issuances, to obtain federal funds
20 and for similar costs and expenses;
- 21 F. Three percent of the net slot machine income must be forwarded by the board to
22 the Treasurer of State for distribution as determined by the Department of
23 Transportation to support collector roads and an east-west highway, including, in the
24 case of an east-west highway, for expenses attributable to bond issuances, to obtain
25 federal funds and for similar costs and expenses;
- 26 G. Three percent of the net slot machine income must be forwarded by the board to
27 the Treasurer of State for distribution as determined by the Department of
28 Transportation to support capital improvements to rail service within the State;
- 29 H. Two percent of the net slot machine income must be forwarded by the board to
30 the Treasurer of State to be distributed as determined by the Department of
31 Transportation for capital improvements to support rail service to the Town of Bethel,
32 including for expenses attributable to bond issuances, to obtain federal funds and for
33 similar costs and expenses;
- 34 I. Two percent of the net slot machine income must be forwarded by the board to the
35 host municipality for its unrestricted use;
- 36 J. One percent of the net slot machine income must be forwarded by the board to the
37 municipality that is closest to the host municipality and has a population of at least
38 20,000 as of the 2010 Federal Decennial Census for its unrestricted use;
- 39 K. One percent of the net slot machine income must be forwarded by the board to the
40 county in which the host municipality is located for its unrestricted use;
- 41 L. One percent of the net slot machine income must be forwarded by the board to the
42 Treasurer of State to be distributed as determined by a committee consisting of the
43 Chancellor of the University of Maine System, the President of the Maine

- 1 Community College System and the President of Maine Maritime Academy for
2 capital improvements to the University of Maine System, Maine Community College
3 System and Maine Maritime Academy;
- 4 M. One percent of the net slot machine income must be forwarded by the board to
5 the Chief of the State Police to be distributed to persons licensed under Title 17,
6 section 1832 for use by such persons for charitable donations, unless such persons are
7 permitted under applicable law to operate video gaming terminals or similar
8 machines that are available to play or simulate the play of a video game upon the
9 payment of something of value in exchange for which the player may receive
10 something of value, including but not limited to free games or credits; in which case,
11 one percent of the net slot machine income must be forwarded by the board to the
12 Treasurer of State to be distributed as determined by the joint standing committee of
13 the Legislature having jurisdiction over legal and veterans affairs to benefit veterans;
- 14 N. One percent of the net slot machine income must be forwarded by the board to the
15 Treasurer of State, who shall credit the money to the Agricultural Fair Support Fund
16 established in Title 7, section 91;
- 17 O. One percent of the net slot machine income must be forwarded by the board to an
18 economic growth council in Lewiston-Auburn for its unrestricted use;
- 19 P. One percent of the net slot machine income must be forwarded by the board to the
20 Treasurer of State to provide funding for the Job Creation Through Educational
21 Opportunity Program established under Title 20-A, section 12542;
- 22 Q. One percent of the net slot machine income must be forwarded by the board to the
23 Department of Economic and Community Development, Office of Tourism to
24 promote the State as a tourist destination;
- 25 R. One percent of the net slot machine income must be forwarded by the board to the
26 Treasurer of State for distribution to the Finance Authority of Maine to provide
27 funding for the Maine State Grant Program established in Title 20-A, section 11612;
- 28 S. One percent of the net slot machine income must be forwarded by the board to the
29 Department of Health and Human Services to provide funding for home-based care
30 for the elderly;
- 31 T. One percent of the net slot machine income must be forwarded by the board to the
32 Maine Technology Institute for its unrestricted use;
- 33 U. One-half of one percent of the net slot machine income must be forwarded by the
34 board to the Chief of the State Police to be distributed to persons licensed under Title
35 17, section 314 to be used to increase winnings, as follows: 1/3 to licensees located
36 within 25 miles of the host municipality, 1/3 to licensees located 25 to 50 miles from
37 the host municipality and 1/3 to licensees located more than 50 miles from the host
38 municipality;
- 39 V. One-half of one percent of the net slot machine income must be forwarded by the
40 board to the Treasurer of State, who shall credit the money to the fund established in
41 section 298 to supplement harness racing purses;

1 W. One-half of one percent of the net slot machine income must be forwarded by the
2 board to the host municipality for infrastructure improvements;

3 X. One-half of one percent of the net slot machine income must be forwarded by the
4 board to each of the humane societies, as defined in Title 17, section 1011, subsection
5 15-A, located within the State on an equal basis;

6 Y. One-half of one percent of the net slot machine income must be forwarded by the
7 board to the Department of Transportation for the purpose of developing a riverfront
8 bike path connecting the City of Lewiston and the City of Auburn with the Town of
9 Brunswick and then continuing to other communities along the Androscoggin River;

10 Z. One-half of one percent of the net slot machine income must be forwarded by the
11 board to the Department of Health and Human Services to provide funding for meals
12 on wheels;

13 AA. One-half of one percent of the net slot machine income must be forwarded by
14 the board to the City of Lewiston and the City of Auburn to provide funding for joint
15 expenditures; and

16 BB. One-half of one percent of the net slot machine income must be forwarded by
17 the board to municipalities, not including the municipality under paragraph J, that are
18 adjacent to the host municipality, allocated according to population, for their
19 unrestricted use.

20 A slot machine operator who complies with the requirements of collection and
21 distribution to the board as set forth in this subsection is in compliance with the minimum
22 payment requirement of section 1011, subsection 4.

23 **SUMMARY**

24 This initiated bill authorizes the establishment of a slot machine facility in a
25 municipality with a population of at least 30,000 in which slot machines were not in
26 operation as of July 1, 2010 if the person who applies for a license to operate slot
27 machines holds an option to purchase real property located in and owned by that
28 municipality that was in effect on July 1, 2010 and approved by the voters of the
29 municipality no later than July 1, 2010.

30 The initiated bill removes the existing limit on the total number of slot machines that
31 may be registered in this State, 1,500 machines, and replaces it with a limit of 1,500 slot
32 machines at each licensed slot machine facility.

33 The initiated bill provides for regulation of the slot machine facility authorized in the
34 initiated bill by the Gambling Control Board.

35 The slot machine operator would be required to collect and distribute 1% of gross slot
36 machine income to the Treasurer of State for deposit in the General Fund for the
37 administrative expenses of the Gambling Control Board. The initiated bill also requires
38 the slot machine operator to collect and distribute 40% of net slot machine income to the
39 board for distribution to various entities, in specified percentages for a variety of purposes
40 that are also specified in the bill.