

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

* Report B

1
OME
RODS

Date: 6/22/15

Report B

L.D. 1280
(Filing No. H-492)

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

VETERANS AND LEGAL AFFAIRS

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "B" to H.P. 876, L.D. 1280, Bill, "An Act To Provide Income Tax Relief by Expanding Gaming Opportunities"

Amend the bill by striking out the title and substituting the following:

'An Act To Establish a Competitive Bidding Process for the Operation of a Resort-style Casino in Southern Maine'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 5 MRSA §12004-G, sub-§32-A is enacted to read:

32-A.

Sport and Entertainment Casino Development Commission Legislative Per Diem and Expenses 8 MRSA §1005-A

Sec. 2. 8 MRSA §1001, sub-§6-A is enacted to read:

6-A. Commission. "Commission" means the Casino Development Commission created under section 1005-A.

Sec. 3. 8 MRSA §1003, sub-§2, ¶B, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

B. Hear and decide all license and registration applications under this chapter and issues affecting the granting, suspension, revocation or renewal of licenses and registrations, including but not limited to applications received by the board from a person awarded the privilege by the commission to submit an application to operate a casino;

Sec. 4. 8 MRSA §1003, sub-§2, ¶B-1 is enacted to read:

B-1. Hear and decide issues affecting the granting, suspension, revocation or renewal of licenses and registrations;

COMMITTEE AMENDMENT

1 **Sec. 5. 8 MRSA §1005-A** is enacted to read:

2 **§1005-A. Casino Development Commission**

3 **1. Establishment.** The Casino Development Commission, established in Title 5,
4 section 12004-G, subsection 32-A, shall carry out the functions specified in this chapter
5 with regard to awarding the privilege to apply for a casino or slot machine operator
6 license through a competitive bid process and establishing a contract with the winning
7 bidder upon issuance of a casino operator license by the board. The commission is
8 affiliated with the board as specified in this chapter.

9 **2. Members.** The commission consists of 5 members appointed by the Governor.
10 All members must be members of the general public without affiliation to the gaming or
11 hospitality industry. At least 3 of the commission members must have training or
12 experience in at least one of the following fields: corporate finance, economics, law,
13 economic development or accounting. A municipal employee, county employee, elected
14 official or candidate for elective office may not serve as a commission member.

15 **3. Term of office.** Members of the commission serve 3-year terms, except that the
16 Governor shall initially appoint one member for a term of one year, 2 members for a term
17 of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for
18 the remainder of the unexpired term of that member. Members whose terms expire serve
19 until their successors are appointed and confirmed. Members may serve no more than 2
20 full consecutive terms on the commission.

21 **4. Confirmation.** Appointees to the commission must be reviewed by the joint
22 standing committee of the Legislature having jurisdiction over gambling matters and are
23 subject to confirmation by the Senate.

24 **5. Chair.** The commission members shall elect one member to serve as chair for at
25 least a 2-year term.

26 **6. Quorum.** An action of the commission is not binding unless taken at a meeting at
27 which at least 3 of the 5 members are present.

28 **7. Conflict of interest.** In addition to the restrictions imposed pursuant to Title 5,
29 section 18, a commission member may not participate in any matter before the
30 commission in which the commission member has a personal bias or any other conflict of
31 interest as the commission determines, either on the commission's own motion or in
32 response to a written complaint. During a commission member's term of service and for 5
33 years after the end of that commission member's service, any person with a direct and
34 substantial interest in a gambling activity or gambling facility, including accommodations
35 and amenities associated with a gambling facility, may not employ or be represented by
36 the commission member or a member of the commission member's immediate family.
37 For the purposes of this subsection, "direct and substantial" means ownership or control
38 of more than 10% of the voting securities of a gambling facility, of an associated
39 accommodation or associated amenity of a gambling facility or of an entity in contract,
40 consort or cooperation with a gambling facility key executive.

41 **Sec. 6. 8 MRSA §1011, sub-§2-B**, as enacted by PL 2011, c. 699, §1, is repealed.

42 **Sec. 7. 8 MRSA §1011, sub-§2-C** is enacted to read:

ROFS

2-C. Persons eligible for casino operator license on or after January 1, 2015.
Beginning January 1, 2015, the board may not accept an application for an initial license to operate a casino, slot machine facility or any other gambling facility for which the board has licensing authority, unless that application is submitted by a successful bidder for the privilege to submit an application to the board chosen pursuant to section 1011-A and the applicant has received approval by the voters of the municipality where the casino will be located.

Sec. 8. 8 MRSA §1011-A is enacted to read:

§1011-A. Privilege to submit a casino operator license application for a southern casino pursuant to competitive bidding

The commission shall develop a request for proposals designed to encourage vigorous bidding for the purpose of awarding one bidder the privilege to submit an application to the board for a casino operator license. The commission shall request bids for the privilege to submit an application to the board for a resort-style casino in either York County or Cumberland County. A request for proposals must instruct potential bidders to propose the scope of the gambling facility and amenities to be offered in conjunction with the facility and how the proposal will ensure that the proposed casino will provide the State with socially responsible economic growth while operating as a successful business for the operator, considering license fees, minimum capital investment requirements, regulatory standards and required rates of revenue distribution. The commission may require submission of documented expert analysis from a bidder to support the proposals submitted by the bidder.

1. Consideration of bids for privilege to submit casino operator license application to the board. A bidder seeking award of the privilege to submit an application to the board for a license to operate a casino in York County or Cumberland County shall comply with the requirements determined by the commission. The commission shall require that a proposal for the privilege to submit an application to the board for the operation of a casino include a nonrefundable application fee of \$250,000 and an agreement to pay the costs of the board for processing an application and performing background investigations, as described in section 1018, subsection 1, if awarded the privilege to submit an application to the board for a license to operate a casino. The commission shall ensure that the request for proposals clearly identifies the deadline for submission and all bid requirements. The commission shall follow, as nearly as practicable, the provisions governing competitive bidding prescribed by Title 5, chapter 155, subchapter 1-A and rules adopted pursuant to that subchapter.

2. Request for proposals; factors; southern casino. When considering bids received in response to a request for proposals prescribed in subsection 1 for a location in York County or Cumberland County, the commission shall consider the following:

A. Business and market factors, including:

(1) The bidder's commitment and capacity to make an initial minimum capital investment of \$250,000,000 for a resort-style casino facility. Land acquisition, license fees and off-site improvements are not considered to be part of the minimum capital investment;

1
2 R O F S

3

(2) How the bidder's proposal can be expected to preserve existing jobs in the State and the number of net new full-time and part-time jobs that can be expected to be created by the operation of the proposed facility;

4

5

6

7

(3) The extent to which the bidder's market plans suit the character of the region and the local population in a way that encourages residents of the State to choose to patronize the bidder's proposed facility as opposed to gambling facilities in other states;

8

9

10

11

(4) The potential created by the bidder's proposal to create commercial development opportunities in the host location and surrounding communities consistent with historic uses, regional character and local zoning and planning requirements;

12

13

(5) The potential gross and net income to be generated by the bidder based upon documented, expert market analysis;

14

15

(6) The extent to which the bidder's proposed facility can reasonably be expected to serve as a significant regional and national tourism destination;

16

17

18

(7) How the bidder's proposal will result in the highest potential benefit and the highest prospective total revenues to the State from a bidder based upon documented, expert financial analysis;

19

20

21

22

(8) The bidder's proposed capital investment in a gambling facility, proposed amenities associated with the facility and timing of capital investment expenditures in terms of ensuring the facility is economically competitive in the State and regionally; and

23

24

(9) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant;

25

B. Economic development factors, including:

26

27

28

(1) The bidder's workforce development plan and the extent to which it will maximize use of the State's existing labor force and create new jobs in the marketplace;

29

30

(2) The impact on economic development, existing and planned, in the region of the proposed facility; and

31

32

(3) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant;

33

C. Site location factors, including:

34

35

(1) The adequacy of transportation infrastructure surrounding the proposed location of the gambling facility;

36

37

(2) The need for additional public infrastructure expenditures at or immediately surrounding the proposed location of the gambling facility;

1
2
R O F S
4

(3) Any negative impact of the proposed location of the gambling facility on the municipality in which the facility is to be located, including but not limited to traffic congestion, worsened road safety conditions and increased safety concerns for pedestrian traffic;

(4) The bidder's proposals for mitigating negative impacts identified under this paragraph; and

(5) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant; and

D. Factors other than those listed in paragraphs A to C, including:

(1) The bidder's plan to identify, address and minimize the potential for and existence of negative consequences associated with gambling and the operation of the bidder's proposed facility, including but not limited to a financial commitment to efforts to address problem gambling prevention, intervention, treatment and research;

(2) The effects, both positive and negative, that can be reasonably anticipated to be experienced by the municipality in which the facility is located and the communities in the region; and

(3) The likelihood that the bidder will meet the casino operator license requirements described in section 1016.

3. Bid award factor priorities; southern casino. The commission shall develop a system of assigning points to the factors required to be considered under subsection 2. The commission is authorized to hire or enter into a contract with vendors experienced in evaluating business plans for large-scale development and the impacts of development on the local and regional economies to assist with the consideration of bids and development of the point system required by this subsection. The development of a point system must ensure that factors that support the following are awarded the highest point value, with the criteria listed under paragraphs A and B receiving more points than those listed under paragraphs C and D:

A. The overall increase in the number of jobs created in the region that can be directly or indirectly attributed to the development and operation of the resort-style casino;

B. The positive impacts on economic development, existing and planned, from the development and operation of the resort-style casino in the immediate region and the potential to positively impact the state economy, including opportunities to pursue developments that will create ongoing sources of revenue and employment for the region separate from the resort-style casino;

C. The maximum potential benefits from the operation of the proposed resort-style casino on year-round tourism in the region; and

D. The representation and incorporation by the proposed resort-style casino of the character of the State generally and, in particular, the character of the surrounding region consistent with historic uses, local planning and zoning requirements.

R OF §

1 4. Notice of award. Upon award of the privilege to submit an application for a
2 casino operator license to the board, the commission shall cite how the successful
3 bidder's proposal supported the priorities described in subsection 3.

4 5. Contract required; southern casino. A person who is selected as the winning
5 bidder for the privilege to submit an application to the board for a casino operator license
6 shall agree to enter into a contract with the commission that obligates the casino operator
7 to the proposals made in the bid submitted in accordance with this section. In addition,
8 the contract must include:

9 A. A framework of reasonable financial penalties for failure of the casino operator to
10 comply with the terms of the contract and the circumstances under which failure to
11 comply with terms of the contract justifies withholding all net slot machine income
12 and net table game income until the terms of the contract are satisfied; and

13 B. Annual reinvestment requirements that direct the casino operator, beginning no
14 sooner than 5 years after commencing operation of slot machines at the casino, to
15 either make capital improvements to the casino facility or deposit with the board, in
16 an account described in section 1018, subsection 2-B, an amount no less than 3% but
17 no greater than 4% of net slot machine income and net table game income generated
18 by the casino during the previous year.

19 The commission shall consult with the Office of the Attorney General during the
20 negotiation and execution of the contract. The contract must be approved by the Attorney
21 General. The casino operator license issued by the board does not take effect and the
22 board may not accept the license fee required under section 1018, subsection 1, paragraph
23 C-2 until the contract is executed.

24 **Sec. 9. 8 MRSA §1018, sub-§1, ¶C,** as enacted by PL 2003, c. 687, Pt. A, §5 and
25 affected by Pt. B, §11, is amended to read:

26 C. The initial application fee for a slot machine operator license is \$200,000. The
27 annual renewal fee is \$75,000 plus an amount, set by rules of the board, equal to the
28 cost to the board of licensing slot machine operators and determined by dividing the
29 costs of administering the slot machine operator licenses by the total number of slot
30 machine operators licensed by the board. This paragraph applies to slot machine
31 operator licenses issued before January 1, 2015.

32 **Sec. 10. 8 MRSA §1018, sub-§1, ¶C-1,** as amended by PL 2011, c. 417, §4, is
33 further amended to read:

34 C-1. The initial application fee for a casino operator license is \$225,000, except that
35 the initial application fee for an applicant that is a commercial track that was licensed
36 to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is
37 \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of
38 licensing casino operators and determined by dividing the costs of administering the
39 casino operator licenses by the total number of casino operators licensed by the
40 board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000
41 for the privilege to operate each gaming table for a period of 20 years as long as the
42 casino operator is licensed. Each gaming table is also subject to an annual gaming
43 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to
44 conduct any authorized table game at the gaming table during the 20-year period. A

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not required to pay the gaming table fees until after one calendar year of table game operation. Fees collected in accordance with this paragraph must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account. This paragraph applies to casino operator licenses issued before January 1, 2015.

Sec. 11. 8 MRSA §1018, sub-§1, ¶¶C-2, C-3 and C-4 are enacted to read:

C-2. The fee for a casino operator license for a casino in York County or Cumberland County, issued in accordance with section 1011-A, is \$10,000,000. The license fee must be deposited in accordance with section 1018-A. The license fee is separate from the nonrefundable application fee required pursuant to section 1011-A, subsection 1 and the payment of costs to the board for processing the application and performing background investigations.

C-3. The renewal fee for a casino operator license for a casino in York County or Cumberland County, issued in accordance with section 1011-A, is \$250,000 due 5 years after the initial fee required under paragraph C-2.

C-4. The annual registration fee for a slot machine and a table game operated at a casino licensed on or after January 1, 2015 is \$100.

Sec. 12. 8 MRSA §1018, sub-§1-A, as enacted by PL 2011, c. 699, §2, is repealed.

Sec. 13. 8 MRSA §1018, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

2. Term of license issued before January 1, 2015; renewal, renewal fees. All Except for slot machine operator licenses and casino operator licenses issued on or after January 1, 2015, licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required by subsection 1, paragraph C to the municipality in which the slot machines are operated.

Sec. 14. 8 MRSA §1018, sub-§§2-A, 2-B and 3-A are enacted to read:

2-A. Term of license issued on or after January 1, 2015. A casino operator license issued by the board pursuant to section 1011, subsection 2-C is effective for 5 years after the date of issuance unless revoked or surrendered pursuant to subchapter 5.

2-B. Annual reinvestment requirements; southern casino. A casino operator licensed by the board pursuant to section 1011, subsection 2-C operating a casino in York County or Cumberland County may deposit with the board the percentage of net slot machine income and net table game income required as an annual reinvestment pursuant to the contract executed in accordance with section 1011-A, subsection 5. The board shall hold the funds in an interest-bearing, nonlapsing account. The casino operator may request funds from the account for the purpose of making capital investments or

ROBS

improvements to the casino facility. If there are funds in the account and the casino ceases operation for a period of more than 90 days, the funds must be deposited to the General Fund.

3-A. Licensee other than the original applicant; contract applicable. If a person initially licensed to operate a casino after January 1, 2015 in York County or Cumberland County surrenders the license or the license is revoked, a subsequent licensee authorized by the board to operate the casino in accordance with this chapter is subject to the terms of the contract required by and executed under section 1011-A, subsection 5. A subsequent licensee is required to submit an application to the board and is subject to the licensing qualifications prescribed under section 1016.

Sec. 15. 8 MRSA §1018-A is enacted to read:

§1018-A. Host municipality and county revenue loss mitigation

The portion of the license fee submitted in accordance with section 1018, subsection 1, paragraph C-2 that is not deposited to the General Fund must be deposited into a nonlapsing, dedicated account to be administered by the board. The purpose of the account is to maintain the level of revenue distributed to host municipalities under section 1011, subsection 4; section 1036, subsection 2, paragraph J; and section 1036, subsection 2-A, paragraph F and to a host county under section 1036, subsection 2-A, paragraph J in which a casino was initially licensed to operate prior to January 1, 2015. Upon commencement of the operation of slot machines at a casino in York County or Cumberland County, the board shall determine the distribution amount by calculating the average annual distribution to the municipality or county from the last 5 full calendar years in which distributions were received. The board shall determine the distribution amounts and make distributions within 90 days of the commencement of the operation of slot machines at a casino operated in York County or Cumberland County. Distributions made to a municipality or county in accordance with this section continue until 100% of the amount of the license fee deposited into the account is distributed. Distributions required under this section continue regardless of whether a casino initially licensed prior to January 1, 2015 from which the distributions to a municipality or county were made ceases operation after the commencement of slot machine operation at a casino in York County or Cumberland County.

Sec. 16. 8 MRSA §1019, sub-§6, as amended by PL 2011, c. 417, §5, is repealed.

Sec. 17. 8 MRSA §1019, sub-§7, as amended by PL 2011, c. 417, §6, is repealed.

Sec. 18. 8 MRSA §1020, sub-§3, as amended by PL 2011, c. 585, §8, is further amended to read:

3. Limits on total slot machines. The board shall determine the number of slot machines to be registered in the State for casinos initially licensed prior to January 1, 2015. The board shall make this determination based upon the minimum net slot machine income, when distributed pursuant to section 1036, necessary to maintain the harness horse racing industry in this State, except that:

A. Except for slot machines used for training and educational purposes at postsecondary institutions as provided by section 1011, subsection 1-B, the total

ROFS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41

number of slot machines registered in the State for operation at casinos initially licensed prior to January 1, 2015 may not exceed 3,000; and

B. A slot machine operator initially licensed prior to January 1, 2015 may not operate more than 1,500 slot machines at any one commercial track and a casino operator initially licensed prior to January 1, 2015 may not operate more than 1,500 slot machines at a casino.

Sec. 19. 8 MRSA §1036, as amended by PL 2013, c. 118, §§1 and 2 and c. 128, §1, is further amended to read:

§1036. Allocation of funds

1. Distribution for administrative expenses of board. A Except as provided by section 1036-A, a slot machine operator licensed under section 1011, subsection 2 or a casino operator that is a commercial track that was licensed to operate slot machines under section 1011, subsection 2 on January 1, 2011 shall collect and distribute 1% of gross slot machine income to the Treasurer of State for deposit in the General Fund for the administrative expenses of the board.

2. Distribution of net slot machine income from casino with commercial track. A Except as provided by section 1036-A, a slot machine operator licensed under section 1011, subsection 2 or a casino operator that is a commercial track that was licensed to operate slot machines under section 1011, subsection 2 on January 1, 2011 shall collect and distribute 39% of the net slot machine income from slot machines operated by the slot machine operator to the board for distribution by the board as follows:

A. Three percent of the net slot machine income must be deposited to the General Fund for administrative expenses of the board in accordance with rules adopted by the board, except that of the amount calculated pursuant to this paragraph, the following amounts must be transferred annually to the Gambling Addiction Prevention and Treatment Fund established by Title 5, section 20006-B:

- (1) For the fiscal year beginning July 1, 2011, \$50,000;
- (2) For the fiscal year beginning July 1, 2012, \$50,000; and
- (3) For the fiscal year beginning July 1, 2013 and for each fiscal year thereafter, \$100,000;

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

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

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

E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller and except as otherwise provided in this paragraph credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a

R OF S

1 separate account under Title 22, section 1511, subsection 11, with the use of funds in
2 the account restricted to the purposes described in Title 22, section 1511, subsection
3 6, paragraph E. For the fiscal years ending June 30, 2010, June 30, 2011 and June 30,
4 2012, the amount credited annually by the State Controller to the Fund for a Healthy
5 Maine under this paragraph may not exceed \$4,500,000 annually and any funds in
6 excess of \$4,500,000 annually during these fiscal years must be credited as General
7 Fund undedicated revenue, and, for the fiscal year ending June 30, 2013, the amount
8 credited by the State Controller to the Fund for a Healthy Maine under this paragraph
9 is \$0;

10 F. Two percent of the net slot machine income must be forwarded by the board to the
11 University of Maine System Scholarship Fund created in Title 20-A, section 10909
12 and to the Board of Trustees of the Maine Maritime Academy to be applied by the
13 board of trustees to fund its scholarship program. The slot machine income under
14 this paragraph must be distributed as follows:

15 (1) The University of Maine System share is the total amount of the distribution
16 multiplied by the ratio of enrolled students in the system to the total number of
17 enrolled students both in the system and at the Maine Maritime Academy; and

18 (2) The Maine Maritime Academy share is the total amount of the distribution
19 multiplied by the ratio of enrolled students at the academy to the total number of
20 enrolled students both in the system and at the academy;

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

25 H. Four percent of the net slot machine income must be forwarded by the board to
26 the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at
27 Maine's Commercial Tracks, established in section 299; however, the payment
28 required by this paragraph is terminated when all commercial tracks have obtained a
29 license to operate slot machines in accordance with this chapter, in which case, that
30 4% of the net slot machine income must be credited to the General Fund as
31 undedicated revenue;

32 I. Two 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 to Stabilize Off-track
34 Betting Facilities established by section 300, as long as a facility has conducted off-
35 track wagering operations for a minimum of 250 days during the preceding 12-month
36 period in which the first payment to the fund is required. After 48 months of
37 receiving an allocation of the net slot machine income from a licensed operator, the
38 percent of net slot machine income forwarded to the Fund to Stabilize Off-track
39 Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the
40 State in accordance with subsection 1; and

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

COMMITTEE AMENDMENT

ROFS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

2-A. Distribution from casino of slot machine income. A Except as provided by section 1036-A, a casino operator shall collect and distribute 46% of the net slot machine income from slot machines operated by the casino operator to the board for distribution by the board as follows:

A. Twenty-five percent of the net slot machine income must be forwarded directly by the board to the Treasurer of State, who shall credit the money to the Department of Education, to be used to supplement and not to supplant funding for essential programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

B. Four percent of the net slot machine income must be forwarded by the board to the University of Maine System Scholarship Fund created in Title 20-A, section 10909 and to the Board of Trustees of the Maine Maritime Academy to be applied by the board of trustees to fund its scholarship program. The slot machine income under this paragraph must be distributed as follows:

(1) The University of Maine System share is the total amount of the distribution multiplied by the ratio of enrolled students in the system to the total number of enrolled students both in the system and at the Maine Maritime Academy; and

(2) The Maine Maritime Academy share is the total amount of the distribution multiplied by the ratio of enrolled students at the academy to the total number of enrolled students both in the system and at the academy;

C. Three percent of the net slot machine income must be forwarded by the board to the Board of Trustees of the Maine Community College System to be applied by the board of trustees to fund its scholarships program under Title 20-A, section 12716, subsection 1;

D. Four percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall distribute the funds to the tribal governments of the Penobscot Nation and the Passamaquoddy Tribe;

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

F. Two percent of the net slot machine income must be forwarded directly to the municipality in which the casino is located;

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

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

I. One percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281;

J. One percent of the net slot machine income must be forwarded directly to the county in which the casino is located to pay for mitigation of costs resulting from gaming operations;

R OF 4

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

L. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Maine Milk Pool, Other Special Revenue Funds account within the Department of Agriculture, Conservation and Forestry to help fund dairy farm stabilization pursuant to Title 7, sections 3153-B and 3153-D; and

M. Beginning July 1, 2013, 1/2 of 1% of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Dairy Improvement Fund established under Title 10, section 1023-P.

If a recipient of net slot machine income in paragraph D, H or I owns or receives funds from a slot machine facility or casino, other than the casino in Oxford County or the slot machine facility in Bangor, then the recipient may not receive funds under this subsection, and those funds must be retained by the Oxford County casino operator.

2-B. Distribution from casino of table game income. Except as provided by section 1036-A, a casino operator licensed in accordance with section 1011, subsection 2-A, paragraph A shall collect and distribute 16% of the net table game income from table games operated by the casino operator to the board for distribution by the board as follows:

A. Ten percent of the net table game income must be forwarded directly by the board to the Treasurer of State, who shall credit the money to the Department of Education, to be used to supplement and not to supplant funding for essential programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

B. Three percent of the net table game income must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account;

C. Two percent of the net table game income must be forwarded directly to the municipality in which the table games are located; and

D. One percent of the net table game income must be forwarded directly to the county in which the table games are located to pay for mitigation of costs resulting from gaming operations.

2-C. Distribution of table game income from casino with a commercial track. Except as provided by section 1036-A, a casino operator that is a commercial track and was licensed to operate slot machines on January 1, 2011 shall collect and distribute 16% of the net table game income from table games operated by the casino operator to the board for distribution by the board as follows:

A. Nine percent of the net table game income must be deposited to the General Fund for administrative expenses of the board, including gambling addiction counseling services, in accordance with rules adopted by the board;

B. Three percent of the net table game income must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account;

C. Two percent of the net table game income must be forwarded directly to the municipality in which the table games are located; and

COMMITTEE AMENDMENT

ROFS

1 D. Two percent of net table game income must be deposited into the Coordinated
2 Veterans Assistance Fund established in Title 37-B, section 514.

3 **2-D. Distribution of slot machine and table game income from a casino in York**
4 **County or Cumberland County.** A casino operator licensed to operate a casino in York
5 County or Cumberland County pursuant to section 1011-A shall collect and distribute
6 40% of net slot machine income and 16% of net table game income to the board. The
7 distributions must be held by the board until a distribution is established by the
8 Legislature for net slot machine income and net table game income generated by a casino.
9 The net table game income must be transferred by the board to the Fund to Reform
10 Veterans Services established under Title 37-B, section 515.

11 **3. Failure to deposit funds.** A slot machine operator or casino operator who
12 knowingly or intentionally fails to comply with this section commits a Class C crime. In
13 addition to any other sanction available by law, the license of the operator may be
14 revoked by the board and the slot machines or table games operated by that slot machine
15 operator or casino operator may be disabled, and the slot machines or table games, slot
16 machines' or table games' proceeds and associated equipment may be confiscated by the
17 board and are subject to forfeiture under Title 17-A, section 959 or 960.

18 **4. Late payments.** The board may adopt rules establishing the dates on which
19 payments required by this section are due. All payments not remitted when due must be
20 paid together with interest on the unpaid balance at a rate of 1.5% per month.

21 **Sec. 20. 8 MRSA §1036-A** is enacted to read:

22 **§1036-A. Distributions of slot machine and table game income upon operation of a**
23 **casino, gambling facility or slot machine facility licensed after January 1,**
24 **2015**

25 The board may not make distributions as provided by section 1036, subsections 1, 2,
26 2-A, 2-B and 2-C after the commencement of operations of a casino, slot machine facility
27 or gambling facility subject to licensure by the board initially licensed after January 1,
28 2015. Net slot machine income and net table game income collected by a casino operator
29 or slot machine facility operator in accordance with section 1036, subsections 1, 2, 2-A,
30 2-B and 2-C must be held by the board until a distribution of net slot machine income and
31 net table game income is established by the Legislature that provides for a distribution of
32 net slot machine income and net table game income that applies, in the same manner, to
33 each casino, slot machine facility or gambling facility licensed in accordance with this
34 chapter.

35 **Sec. 21. 37-B MRSA §515** is enacted to read:

36 **§515. Fund to Reform Veterans Services**

37 The Fund to Reform Veterans Services is established to develop a coordinated
38 delivery system of benefits and services to veterans in the State. The fund is a dedicated
39 nonlapsing account. Benefits and services to be coordinated within this system are not
40 limited to those established and administered by the State, but may also include those
41 provided by federal agencies, service-oriented nonprofit organizations and veterans'
42 service organizations. The director shall administer the fund.

ROFS

1 **Sec. 22. Joint Standing Committee on Veterans and Legal Affairs**
 2 **authorized to submit legislation.** The Joint Standing Committee on Veterans and
 3 Legal Affairs is authorized to submit legislation to the Second Regular Session of the
 4 127th Legislature to implement the recommendations of the Director of the Bureau of
 5 Maine Veterans' Services within the Department of Defense, Veterans and Emergency
 6 Management with regard to a comprehensive plan for the coordinated delivery system of
 7 benefits and services to veterans in the State under the Maine Revised Statutes, Title
 8 37-B, section 515.

9 **Sec. 23. Appropriations and allocations.** The following appropriations and
 10 allocations are made.

11 **DEFENSE, VETERANS AND EMERGENCY MANAGEMENT, DEPARTMENT**
 12 **OF**

13 **Veterans Services 0110**

14 Initiative: Establishes the Fund to Reform Veterans Services with a base allocation.

15	OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
16	All Other	\$500	\$500
17			
18	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$500</u>	<u>\$500</u>

19 **Sec. 24. Statutory referendum procedure; submission at election; form of**
 20 **question; effective date.** This Act must be submitted to the legal voters of the State at
 21 a statewide election held in the month of November following passage of this Act. The
 22 municipal officers of this State shall notify the inhabitants of their respective cities, towns
 23 and plantations to meet, in the manner prescribed by law for holding a statewide election,
 24 to vote on the acceptance or rejection of this Act by voting on the following question:

25 "Do you favor the operation of a resort-style casino, licensed pursuant to
 26 a competitive bid process, in either York County or Cumberland
 27 County?"

28 The legal voters of each city, town and plantation shall vote by ballot on this question
 29 and designate their choice by a cross or check mark placed within a corresponding square
 30 below the word "Yes" or "No." The ballots must be received, sorted, counted and
 31 declared in open ward, town and plantation meetings and returns made to the Secretary of
 32 State in the same manner as votes for members of the Legislature. The Governor shall
 33 review the returns. If a majority of the legal votes are cast in favor of this Act, the
 34 Governor shall proclaim the result without delay and this Act becomes effective 30 days
 35 after the date of the proclamation.

36 The Secretary of State shall prepare and furnish to each city, town and plantation all
 37 ballots, returns and copies of this Act necessary to carry out the purposes of this
 38 referendum.

SUMMARY

2
R OF 3S

1
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38

This amendment replaces the bill and is a minority report of the committee. The amendment establishes a competitive bid process for the operation of a resort-style casino in either York County or Cumberland County. The amendment establishes the Casino Development Commission, which is an independent board of 5 members appointed by the Governor and confirmed by the Senate. The commission's purpose is to develop a request for proposals for the privilege to submit an application to the Gambling Control Board for a casino operator license. The fee to submit a bid is \$250,000. The amendment provides for specific supporting information to be submitted by the bidder and considered by the commission including the bidder's ability to make a minimum \$250,000,000 capital investment in the resort-style casino and information regarding job creation, economic development and plans to mitigate negative infrastructure impacts. Under the amendment, the commission is directed to develop a point system for the factors to be considered and give priority to factors that create jobs, promote economic development, increase tourism and support a casino that fits the character of the State, with job creation and economic development being the highest priorities. The winning bidder must enter into a contract with the commission that obligates the casino operator to abide by the proposals made in the winning bid. Failure to abide by the terms of the contract could result in financial penalties to the operator.

The license fee for a casino under the amendment is \$10,000,000, which is deposited into an account to be used to mitigate the impact of lost revenue on the municipalities and a county in which casinos are currently located due to the operation of the new resort-style casino. Under the amendment, the Gambling Control Board will distribute money from the account to the municipalities and county based on past distribution amounts the municipalities and county had been receiving from the casino, with the intent of maintaining the same revenue stream.

The amendment sets the distribution of net slot machine revenue at 40% and the distribution of net table game revenue at 16% for the resort-style casino. Table game revenues would be deposited into a fund to develop a coordinated system of delivery of services and benefits to Maine veterans. Upon operation of slot machines at the resort-style casino, the board will hold distributions required of existing casinos until the Legislature establishes a single distribution structure that would apply to all casinos in the State.

The amendment also adds an appropriations and allocations section.

Finally, the amendment makes enactment of this bill contingent upon the approval of the voters of the State at a statewide referendum election.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



127th MAINE LEGISLATURE

LD 1280

LR 1572(03)

An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

Fiscal Note for Bill as Amended by Committee Amendment *B (H-492)*

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium referendum costs - General Fund
 Contingent current biennium cost increase - Other Special Revenue Funds
 Contingent current biennium revenue decrease - General Fund
 Contingent current biennium revenue increase - Other Special Revenue Funds

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Appropriations/Allocations				
Other Special Revenue Funds	\$500	\$500	\$500	\$500

Referendum Costs	Month/Year Nov-15	Election Type General	Question Referendum	Length Standard
The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions requires production and delivery of a second ballot, an additional appropriation of \$107,250 may be required.				

Fiscal Detail and Notes

The bill establishes the Fund to Reform Veterans Services in the Department of Defense, Veterans and Emergency Services with a base Other Special Revenue Funds (OSRF) allocation of \$500 beginning in fiscal year 2015-16 in order to allow the department to spend any monies received.

The bill creates a commission to use a competitive bid process to award the privilege to apply for the operation of a resort-style casino. Bidders will pay a \$250,000 bidding fee to win the right to be the applicant. The fiscal note assumes this will be credited to the General Fund. The Gambling Control Board (GCB) will accept applications for a casino license in either York County or Cumberland County from the winning bidder as long as the voters of the municipality where the proposed casino will be located have voted to approve a casino. Only one casino, in either York or Cumberland County, may be licensed.

The facility would be taxed at the rate of 40% of net slot income and 16% of net table game income. The bill requires a casino, beginning no sooner than 5 years after operation of slot machines, to make capital improvements to the casino using 3% to 4% of both net slot machine and net table game income or direct those funds to the GCB. This fiscal note assumes that the facility will not direct these funds to the GCB. This fiscal note assumes a total of 1,000 slot machines and 24 table games, generating an estimated annual revenue of \$27,158,628 to the GCB and \$1,735,181 to the Fund to Reform Veterans Services.

C" B "(H-492)

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$10,000,000 in OSRF revenue in the first year of the casino's operation. The \$10,000,000 will be used to provide revenue to host municipalities and counties receiving distributions from either Hollywood Casino or Oxford Casino. \$250,000 in OSRF revenue will be generated in the fifth year of the casino's operation from the renewal fee for the casino operator license. \$102,400 will be generated annually from the registration fees of \$100 per slot machine and per table game. Annual State costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510.

WhiteSand Gaming's market feasibility study on expanded gaming in Maine estimated a 20% reduction in revenue to Oxford Casino if a new southern Maine casino were to open. This fiscal note assumes the same 20% reduction, resulting in an estimated annual General Fund revenue loss of \$347,495 and OSRF revenue loss of \$5,410,437. An assessment of the impact on revenues generated by Hollywood Casino has not been done at this time.

Under current law, State revenue from both Oxford Casino and Hollywood Casino go to various funds, but this bill directs all State revenue from these casinos to go to the GCB until a distribution of slot machine and table game revenue is established by the Legislature. The new distribution is required to be a uniform distribution of slot machine and table game revenue to each casino, slot machine facility or gambling facility. This results in an estimated annual General Fund revenue decrease of \$8,223,744 and an annual OSRF revenue increase of \$8,223,744.

	Annual Estimate
Summary of Casino Revenue	
Gross Slot Income (total value of money, tokens, credits and other value used to play slots)	\$659,190,000
Player Payback - Slot Income	\$591,293,430
Net Slot Income	\$67,896,570
Share of Net Slot Income for Distribution - 40%	\$27,158,628
Operator Share of Net Slot Income - 60%	\$40,737,942
Net Table Game Income	\$10,844,880
Share of Net Table Game Income for Distribution - 16%	\$1,735,181
Operator Share of Net Table Game Income - 84%	\$9,109,699
State Revenues by Fund	
<u>General Fund</u>	
Oxford Casino revenue reduced	(\$347,495)
Oxford Casino revenue was GF, now OSR	(\$1,389,981)
Hollywood Casino revenue was GF, now OSR	(\$6,833,763)
Total General Fund Revenue	(\$8,571,239)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
<u>Other Special Revenue Funds</u>	
Gambling Control Board - Net Slot Income	\$27,158,628
Fund to Reform Veterans Services - Net Table Game Income	\$1,735,181
Gambling Control Board - Annual Registration Fees	\$102,400
Oxford Casino revenue reduced	(\$5,410,437)
Oxford Casino revenue was GF, now OSR	\$1,389,981
Hollywood Casino revenue was GF, now OSR	\$6,833,763
Total Other Special Revenue Funds Revenue	\$31,809,516
Casino Operator License - 1st year only	\$10,000,000 (one-time)
License Renewal Fee - due after 5 years	\$250,000 (one-time)
Total Revenue All Funds	\$23,238,277
Summary of State Expenditures	
Public Safety - Other Special Revenue Funds	\$523,510