

MAINE STATE LEGISLATURE

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Date: 6/6/17 minority

L.D. 1447
(Filing No. H-437)

VETERANS AND LEGAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 999, L.D. 1447, Bill, "An Act To Recognize and Provide for the Right of the Houlton Band of Maliseet Indians To Operate a Casino on Houlton Band Trust Land Exempt from Certain Gaming Laws"

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

'An Act To Authorize the Houlton Band of Maliseet Indians To Operate a Tribal Casino'

Amend the bill by striking out all of the emergency preamble (page 1, lines 1 to 17 in L.D.)

Amend the bill in section 1 in subsection 2-C by striking out all of the last sentence (page 1, lines 25 to 27 in L.D.) and inserting the following: 'The applicant is required to acknowledge that the operation of a casino licensed under this chapter is subject to the oversight and enforcement of the board.'

Amend the bill by inserting after section 1 the following:

'Sec. 2. 8 MRSA §1018, sub-§1, ¶C-1, as amended by PL 2011, c. 417, §4, is further amended to read:

C-1. The initial application fee for a casino operator license is \$225,000, except that the initial application fee for ~~an applicant that is a commercial track that was licensed to operate slot machines as of January 1, 2011 is \$25,000~~ the Houlton Band of Maliseet Indians is \$100,000. ~~The~~ Except for a casino operated by the Houlton Band of Maliseet Indians, the annual renewal fee is \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing casino operators and determined by dividing the costs of administering the casino operator licenses by the total number of casino operators licensed by the board. The annual renewal fee for a casino operated by the Houlton Band of Maliseet Indians is \$35,000. In addition, a casino operator shall pay an initial gaming table fee of \$100,000 for the privilege to operate each gaming table for a period of 20 years as long as the casino operator is licensed. Each gaming table is also subject to an annual gaming table renewal fee of \$1,000. The gaming table fees authorize the casino operator to conduct any

COMMITTEE AMENDMENT

1 authorized table game at the gaming table during the 20-year period. A casino
2 licensed in accordance with section 1011, subsection 2-A, paragraph A is not
3 required to pay the gaming table fees until after one calendar year of table game
4 operation. Fees collected in accordance with this paragraph must be deposited to the
5 Gambling Control Board administrative expenses Other Special Revenue Funds
6 account, which is a nonlapsing dedicated account.

7 **Sec. 3. 8 MRSA §1018, sub-§1-A**, as enacted by PL 2011, c. 699, §2, is amended
8 to read:

9 **1-A. Fees for slot machine and casino operator licenses on or after September 1,**
10 **2012.** Notwithstanding subsection 1, paragraphs C and C-1, beginning September 1,
11 2012, an applicant for a slot machine operator license or a casino operator license must
12 pay a \$250,000 nonrefundable privilege fee to be submitted with the application for the
13 license and a minimum license fee, or cash bid if the license is part of a competitive
14 bidding process established by law, of \$5,000,000. This subsection does not apply to a
15 casino licensed for operation in the State as of September 1, 2012 or a casino to be
16 operated by the Houlton Band of Maliseet Indians licensed in accordance with section
17 1011, subsection 2-C.'

18 Amend the bill in section 2 in subsection 6 in the 2nd to last line (page 1, line 37 in
19 L.D.) by striking out the following: "70" and inserting the following: '40'

20 Amend the bill in section 6 in subsection 2-E by striking out all of paragraph B (page
21 4, lines 33 to 37 in L.D.) and inserting the following:

22 'B. One percent of the net table game income must be forwarded to the Treasurer of
23 State, who shall credit the money to the fund established in section 298 to supplement
24 harness racing purses.'

25 Amend the bill in section 6 in subsection 2-E in paragraph C in the last line (page 4,
26 line 40 in L.D.) by striking out the following: "and"

27 Amend the bill in section 6 in subsection 2-E in paragraph D in the last line (page 5,
28 line 4 in L.D.) by striking out the following: "Micmacs." and inserting the following:
29 'Micmacs; and'

30 Amend the bill in section 6 in subsection 2-E by inserting after paragraph D the
31 following:

32 'E. One percent of the net table game income must be distributed by the board in
33 equal amounts to veterans' organizations that have been consistently conducting
34 charitable gaming under Title 17, chapter 62 for a period of at least 2 years as of
35 January 1, 2017.'

36 Amend the bill by striking out all of the emergency clause.

37 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
38 section number to read consecutively.

SUMMARY

1
2 This amendment provides that an application submitted to the Gambling Control
3 Board within the Department of Public Safety by the Houlton Band of Maliseet Indians to
4 operate a casino must include an acknowledgment that the operation of the casino is
5 subject to the oversight and enforcement of the Gambling Control Board. The
6 amendment removes the provision in the bill that states a casino operated by the Houlton
7 Band of Maliseet Indians is not subject to any fees. The amendment provides that the
8 casino operated by the Houlton Band of Maliseet Indians is subject to the fees applied to
9 casinos that were initially licensed before 2012 under current law except that the initial
10 license fee is \$100,000 and the annual renewal fee is \$35,000. The amendment also
11 makes a change to the distribution of table game revenue, which under the bill provides
12 2% of net revenue to all off-track betting facilities and to nonprofit organizations that
13 conduct licensed charitable gaming. The amendment changes this distribution so that 1%
14 of table game revenue supplements harness racing purses and 1% goes to veterans'
15 organizations that have been continuously operating licensed charitable gaming for at
16 least 2 years as of January 1, 2017.

FISCAL NOTE REQUIRED
(See attached)



128th MAINE LEGISLATURE

LD 1447

LR 232(02)

An Act To Recognize and Provide for the Right of the Houlton Band of Maliseet Indians To Operate a Casino on Houlton Band Trust Land Exempt from Certain Gaming Laws

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

A (H-437)

Fiscal Note

- Current biennium cost increase - General Fund
- Current biennium cost increase - Other Special Revenue Funds
- Current biennium revenue increase - General Fund
- Current biennium revenue increase - Other Special Revenue Funds

Fiscal Detail and Notes

This legislation authorizes the Gambling Control Board to accept an application for a casino license from the Houlton Band of Maliseet Indians. Issuance of a license is not contingent upon approval by means of a referendum of the State or voters of Aroostook County. The facility would be taxed at the rate of 25% of net slot income and 15% of net table game income. Net slot machine and table game income retained by the Houlton Band of Maliseet Indians will be used by the tribal government for social and economic programs that support the Houlton Band of Maliseet Indians.

Presented below is an estimate of the potential revenues that may be generated from the new facility and the subsequent distribution of those revenues. This fiscal note assumes a total of 350 slot machines and 10 table games, generating annual revenue of \$797,889 for the State's General Fund and \$4,188,607 for various other funds. This fiscal statement assumes and incorporates a 3% reduction in revenue to Hollywood Casino. No impact on revenues generated by Oxford Casino is anticipated. The Houlton Band of Maliseet Indians will be required to pay an initial application fee for a casino operator license of \$100,000 and an initial gaming table privilege fee of \$100,000 per table that together will generate \$1,100,000 in Other Special Revenue Funds. They will also be required to pay an initial registration fee of \$100 for each slot machine and \$100 for each table game, generating \$36,000 in Other Special Revenue Funds revenue. The annual renewal fees for the casino operator license of \$35,000, gaming table privilege renewal fee of \$1,000 per table, slot machine renewal fee of \$100 per machine and table game renewal fee of \$100 per table will generate an estimated \$81,000 annually in Other Special Revenue Funds revenue. The GCB will require annual General Fund appropriations of \$613,943 starting in fiscal year 2018-19 for costs associated with 5 inspector positions and other related expenses.

Summary of Casino Revenue	Annual Estimate
Gross Slot Income (total value of money, tokens, credits and other value used to play a slot machine)	\$194,818,750
Player Payback - Slot Income	<u>\$174,752,419</u>
Net Slot Income	\$20,066,331
Operator Share of Net Slot Income - 75%	<u>\$15,049,748</u>
Share of Net Slot Income for Distribution - 25%	\$5,016,583
Net Table Game Income	\$3,584,300
Operator Share of Net Table Game Income - 85%	<u>\$3,046,655</u>
Share of Net Table Game Income for Distribution - 15%	\$537,645

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State Revenues by Fund	Annual Estimate
General Fund	
General Fund revenue from new Houlton Casino (5% of net slot income)	\$1,003,317
General Fund 3% revenue reduction from Bangor Casino	<u>(205,428)</u>
Total General Fund	\$797,889
Other Special Revenue Funds	
University of Maine System Scholarship Fund	\$601,990
Maine Community College System	\$401,327
Penobscot Nation/Passamaquoddy Tribe/Aroostook Micmac	\$2,257,534
Town of Houlton	\$745,362
Aroostook County	\$401,327
Gambling Control Board - OSR	\$152,686
Fund to Supplement Harness Racing Purses	\$35,843
Veterans Organizations	<u>\$35,843</u>
Subtotal Other Special Revenue Funds Revenue	\$4,631,912
Other Special Revenue Funds 3% revenue reduction from Bangor Casino	<u>(322,020)</u>
Fund for a Healthy Maine 3% revenue reduction from Bangor Casino	<u>(121,285)</u>
Total Other Revenue	<u>\$4,188,607</u>
Total Revenue All Funds	<u>\$4,986,496</u>

Licensing and Application Revenues - Other Special Revenue	1st Year	Annual Estimate
Casino Operator - Initial Application Fee (one-time)	\$100,000	
Casino Operator - Annual Renewal Fee (annual)		\$35,000
Table Games - Initial Privilege Fee (one-time)	\$1,000,000	
Table Games - Annual Privilege Renewal fee (annual)		\$10,000
Slot Machine - Initial Registration Fee (one-time)	\$35,000	
Slot Machine - Annual Renewal Fee (annual)		\$35,000
Table Game - Initial Registration Fee (one-time)	\$1,000	
Table Game - Annual Renewal Fee (annual)		\$1,000
Total Licensing and Application Revenues	\$1,136,000	\$81,000

Detail of Bangor Casino Revenue Reduction	
General Fund Administration (3% Reduction in Gross Slot Machine Revenue)	(132,732)
General Fund (Other) (3% Reduction in Net Slot Machine and Net Table Game Revenue)	<u>(72,696)</u>
Subtotal - General Fund	<u>(205,428)</u>
Fund for a Healthy Maine	<u>(121,285)</u>
Other Special Revenue Funds	
Harness Racing Commission	(254,699)
University of Maine Scholarship Fund	(23,286)
Maine Maritime Academy Scholarship Program	(971)
Maine Community College System Scholarships	(12,129)
Resident Municipalities	(17,502)
Gambling Control Board	(8,060)
Coordinated Veteran Assistance Fund	<u>(5,373)</u>
Subtotal - Other Special Revenue Funds	<u>(322,020)</u>
Total Revenue Reduction - Bangor Casino	<u>(648,733)</u>

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Summary of Expenditures by State (GCB)

General Fund	\$613,943
Other Special Revenue Funds	<u>\$81,000</u>
Total Expenditures	<u>\$694,943</u>