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**COMMITTEE TO REVIEW THE
TAXATION OF SLOT MACHINE REVENUES**

FINAL REPORT TO GOVERNOR JOHN E. BALDACCI

DECEMBER 11, 2007

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COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

FINAL REPORT

DECEMBER 11, 2007

On June 1, 2007, Governor John E. Baldacci signed an Executive Order (EO 33 FY 06/07) creating the Committee to Review the Taxation of Slot Machine Revenues (the "Committee").¹ The Executive Order charged the Committee to examine the current structure of taxation and revenue sharing with respect to the slot machine operator and to consider potential adjustments to enhance the effectiveness and stability of taxation and revenue sharing in a way that would be both simpler and revenue neutral.

I. MEMBERSHIP

The Committee membership consisted of twelve individuals, including legislators, a representative each of the slot machine operator, the Gambling Control Board, the Department of Administrative & Financial Services, the Department of Economic and Community Development, the City of Bangor, and members of the public, one of whom has a background in the gaming industry. The membership is as follows:

Name	Appointed Capacity
John Sagaser, Chair	Designee of Commissioner, DAFS
Sen. Bruce Bryant	Appointee of President of the Senate
Sen. Debra Plowman	Appointee of President of the Senate
Rep. Linda Valentino	Appointee of Speaker of the House
Rep. Donald Marean ²	Appointee of Speaker of the House
Rep. Patricia Blanchette	Representative of the City of Bangor
Daniel Stevenson	Designee of Commissioner, DECD
Peter Danton	Representative of the Gambling Control Board
Jon Johnson	Representative of the slot machine operator
Sebastian Sinclair	Member of the public with a background in the gaming industry
James Hanley	Member of the public
Dan Tremble	Member of the public

II. MEETINGS

The Committee held five meetings.³

III. FINDINGS

1. Title 8 M.R.S.A. ch. 31 establishes the five-member Gambling Control Board ("GCB") within the Department of Public Safety to regulate and exercise general control over the ownership and operation of slot machines and slot machine

¹ Executive Order (EO 33 FY 06/07) and Amended Executive Order (EO 05 FY 08/09), **Attachment A**.

² Representative Marean replaced the previous appointments of Rep. Gould and Rep. Moore.

³ See **Attachment B**. The Chair prepared a Meeting Summary after each meeting. See **Attachment C**.

facilities, among other duties, including the collection of taxes due the State under 8 M.R.S.A. § 1036.

2. 8 M.R.S.A. § 1036, titled "Allocation of funds," sets forth a two-tier tax and allocation structure.

3. 8 M.R.S.A. § 1036(1) sets forth the *first tier tax*, providing that a slot machine operator shall collect and distribute 1% of "gross slot machine income" ("GSMI") to the Maine State Treasurer for deposit in the General Fund for the administrative expenses of the GCB.

4. The 1% GSMI tax revenues are deposited to the General Fund and are not limited to any particular statutory account.

5. 8 M.R.S.A. § 1036(2) sets forth the *second tier tax*, providing that a slot machine operator shall collect and distribute 39% of "net slot machine income" ("NSMI") to the GCB for distribution by the GCB to the statutory beneficiary accounts as specified in § 1036(2).

6. The two-tier tax imposed by 8 M.R.S.A. § 1036 is remitted by the operator to the GCB on a weekly basis.

7. 8 M.R.S.A. § 1036 is set forth as **Attachment D** to this report.

8. The GCB had collected from the operator the following tax revenues imposed by 8 M.R.S.A. § 1036.

a) 1% tax on GSMI for FYE 2007: \$6,098,935.95

b) 39 % tax on NSMI for FYE 2007: \$13,823,123.97

9. As of December 1, 2007, the GCB had collected from the operator the following tax revenues imposed by 8 M.R.S.A. § 1036.

a) 1% tax on GSMI for FYE 2008: \$2,668,382.41

b) 39 % tax on NSMI for FYE 2008: \$6,422,693.11

10. The GCB publicly reports GSMI and NSMI as well as the § 1036 tax collections each month on its website.

11. 8 M.R.S.A. § 1001(21) defines GSMI to mean "the total value of money, tokens, credits or similar objects of things of value used to actually play a slot machine before payback is distributed to a player."

12. 8 M.R.S.A. § 1001(29-A) defines NSMI to mean "money, tokens, credits or similar objects of things of value used to play a slot machine minus money, credits or prizes paid out to winners and amounts paid pursuant to section 1036, subsection 1."

13. A glossary of terms commonly used in the gaming industry relevant to the taxation of slot machine operators is set forth as **Attachment E**.

14. In 2003 the citizens of Maine approved the construction of a slot machine facility in Bangor, Maine, and in 2005 a slot machine operator was licensed by the State to operate that facility. The facility is also referred to as a “racino.”

15. Both at the time of the issuance of the Executive Order and currently there is only one authorized slot machine operator in the State – Bangor Historic Racetrack, Inc., operating a slot machine facility in Bangor as Hollywood Slots.

16. The current statutory tax base of Gross Slot Machine Income (GSMI) includes credits won and electronically recorded on the slot machine while a customer plays a slot machine, even if those credits are not redeemed but instead are played back by the player during that slot machine session.

17. GSMI is what is called “coin-in” or “handle” in the gaming industry and in various other States’ gaming laws. The term “coin-in” is historically derived from the time when slot machines could be operated only by the deposit of coins and by the pulling of a handle. Today, “coin-in” includes credits won and electronically recorded while playing a slot machine and then used to further play the slot machine. “Coin in” is a statistic used by the gaming industry when calculating the performance of a slot machine.

18. No other State imposes a tax on GSMI/coin-in/handle. Instead, all other States imposing a slot machine operator tax use a tax base that includes coins, vouchers, etc. use to play a machine minus money, credits or prizes paid out to winners, *but excludes* the electronically recorded credits that are not subsequently redeemed.⁴ An industry term for such a tax base is “Gross Gaming Revenue” (GGR).

19. For FYE 2007, the current tax structure of 1% GSMI/39%NSMI is the equivalent of having had a 47.97% effective tax rate against GGR.

20. **Attachment F** sets forth the tax bases defined by other various States imposing a special tax on slot machine operators.

21. Hollywood Slots states GSMI/coin-in/handle does not constitute “income” or “receipts” for either federal income tax or for book accounting purposes.⁵

22. Hollywood Slots stated that while its book income per month for its Bangor operations is on the order of \$3 million a month in 2007, it’s reported “Gross Slot Machine Income” reported to the GCB – which amount includes the electronic credits played but not redeemed – is on the order of \$50 million a month in 2007. Hollywood Slots further stated that the current tax structure, with its tax base of GSMI/coin-in/handle, creates a misperception among the media, legislators and analysts that its income from its Bangor operations is far greater than what it actually is, making it a likely target for consideration of increased taxation. Hollywood Slots further stated that it prefers a simpler tax structure that uses similar terms as other States’ gaming statutes and that uses a tax base of coins, currency and vouchers used

⁴ This finding is based on the statement of Hollywood Slots manager and Committee member Jon Johnson and the confirmation by industry expert and Committee member Sebastian Sinclair.

⁵ See footnote 4.

to play the machines less payouts to the players – and which excludes credits electronically recorded on the slot machine and played but not redeemed.

23. The Legislature's Office of Fiscal and Program Review (OFPR) tracks and prepares forecasts for the Revenue Forecasting Committee (RFC) of the tax revenues imposed on slot machine operators by Title 8 M.R.S.A. ch. 31. The Racino Tax Revenue detail to the RFC's December 2007 forecast is set forth at **Attachment G**.

24. Using the OFPR and RFC reports, OFPR Director Grant Pennoyer prepared for the Committee a fiscal analysis of the incremental differences between the current tax structure and a number of options considered by the Committee.

25. "Payback percentage" is a critical variable in comparing the current tax structure to the forecast of revenues both under the current structure and under the options considered by the Committee. The actual and December 2007 RFC forecast payback % amounts are set forth in **Attachment H**.

26. Payback percentage is the amount that is won (i.e., "paid back" to) the slot machine players divided by the "coin-in" (amount wagered, including electronic credits won but not redeemed) by slot machine players on any given machine over a determined period of time.

27. The slot machine operator sets the payback percentage for any given slot machine by setting the machine to various payback percentages listed in the options table programmed in each slot machine. Any change to the payback percentage is approved by the Executive Director of the Gambling Control Board.

28. Over a long enough period of time, the slot machine will produce a payback % as programmed. However, in the short run statistical probability (i.e., chance or "luck") will produce variations in payback % from the programmed amount.

29. For the periods May 2007 to October 2007 the RFC forecast of payback % was below the actual payback %. See **Attachment I**. Due to the variables of the amount of customer play, payback % selection by the slot machine operator, and statistical probability, it is not possible to exactly forecast payback %. Payback percentage for an entire slot machine facility per month is affected by statistical probability, the mix of machines on the floor (with their various programmed payback percentages) played during that month, as well as the number of slot machines available for play.

30. The higher the payback percentage, the larger the number of electronic credits won but not redeemed, and therefore for any given amount of total play of slot machines in the facility the higher the tax base of GSML.

31. The slot machine operator may increase payback % in the face of competitive pressures, and conversely may lower payback % in the face of cost pressures. Increasing the payback % essentially lowers the cost of play for the player. Lowering payback % essentially raises the "price" of playing the slot machines.

32. In the detail to its December 2007 forecast, the RFC re-forecast the payback % to decrease to 92.5% for November 2007 and down to 92.25% as of July 2008. The downward % trend forecast is based on Hollywood's Slots description of its revised

business plan to add relatively more penny and nickel slot machines (which it would set to a lower payback %). The assumption that Hollywood Slots will decrease its payback % is consistent with industry trend information.⁶

IV. COMMITTEE RECOMMENDATION⁷

By a vote of 9 to 2, the Committee recommends the current tax structure of 8 M.R.S.A. ch.31 be revised as follows:

- a) Tier 1 tax base: replace base of Gross Slot Machine Income with base of Gross Gaming Revenue
- b) Tier 1 tax rate: replace 1% with 12.9%
- c) Tier 2 tax base: replace base of Net Slot Machine Income with base of Adjusted Gross Gaming Revenue
- d) Tier 2 tax rate: replace overall rate of 39% with rate of 39.25%; and replace tier 2 General Fund rate of 3% with rate of 3.25%
- e) The changes recommended have an effective date of July 1, 2008.

This recommendation retains a two-tier tax structure, but changes the tax base from Gross Slot Machine Income/Net Slot Machine Income to Gross Gaming Revenue(GGR)/Adjusted Gross Gaming Revenue (Adjusted GGR). GGR excludes the electronic credits that are included in the current GSMI tax base. Adjusted GGR is the same tax base as the current NMSI.

The recommended changes would bring in to the General Fund additional tax revenue of \$158,617 for FYE 2009 and \$162,913 for FYE 2010. These additional tax revenues provide a buffer or margin for variance in the payback %.

The spreadsheets prepared by Grant Pennoyer, Director of OFPR, with respect to the recommended changes are set forth at **Attachment K**. A proposed draft revision to 8 M.R.S.A. ch. 31 to adopt the Committee's recommendation is set forth as **Attachment L**.

Rationale for the Committee recommendation:

1. The recommended GGR/Adjusted GGR tax base is consistent with the GGR tax based used by other gaming jurisdictions.
2. The recommended tax base of GGR/Adjusted GGR is much more closely related to the book income recognized by the slot operator, thereby reducing the misperception of the level of business and profits of the slot machine operator.
3. The recommended changes are revenue neutral while providing the General Fund some buffer for payback % variability.

⁶ See **Attachment J**, the statements of Jon Johnson of Hollywood Slots to this Committee and to OFPR, and the opinion of industry expert and Committee member Sebastian Sinclair. Mr. Sinclair noted, however, that the appearance of a competing gaming facility may push the operator to increase the payback % from what it would otherwise be.

⁷ The Committee's Recommendation is by Majority Report by a vote of 9-2. See Committee Vote on Recommendation, **Attachment O**. The Minority Report is attached as **Attachment N**.

V. COMMITTEE MINORITY REPORT

See Attachment N.

INDEX TO ATTACHMENTS

Attachment A	Executive Order #33
Attachment B	List of Committee Meetings and Motions
Attachment C	Meeting Summaries
Attachment D	8 M.R.S.A. § 1036
Attachment E	Glossary of terms
Attachment F	Slot machine taxation tax bases of various states
Attachment G	Racino tax revenue detail to RFC's December 2007 forecast
Attachment H	Payback % -- actual and RFC forecast amounts as of 11/05/07
Attachment I	Incremental changes in payback %, forecast and actual in the May 2007 and December 2007 RFC forecasts
Attachment J	Slot payout percentages for selected states 1991 - 2006
Attachment K	OFPR spreadsheets for the Committee's recommended changes
Attachment L	Recommended revisions to 8 M.R.S.A. § 1036
Attachment M	Duplicate set of handout materials from the Committee meetings
Attachment N	Committee Minority Report
Attachment O	Committee Vote on Recommendation

Chair's Technical Corrections Note

The Committee Final Report was adopted on December 11, 2007, pursuant to the procedural rule set forth in the meeting summary of meeting #5. The Chair made the following technical corrections to the Final Report after the adoption of the Final Report, as follows:

1. Attachment L – 8 M.R.S.A. § 1036(2)(A)
 - Changed font to blue and added underline to text “and one-quarter”
2. Attachment L – 8 M.R.S.A. § 1036(2)(A) – (J)
 - Replaced “net slot machine income” with “~~net slot machine income~~ adjusted gross gaming revenue”
3. Report – Finding 18, page 3
 - Typo: changed “use” to “used”
4. Report – page 1
 - Added “the City of Bangor,” to Membership section
5. Report – page 1, footnote 1
 - Added “and Amended Executive Order (EO 05 FY 08/09)”



OFFICE OF
THE GOVERNOR

NO. _____ 33 FY 06/07
DATE _____ June 1, 2007

**AN ORDER ESTABLISHING THE COMMITTEE TO REVIEW THE TAXATION OF
SLOT MACHINE REVENUES**

WHEREAS, in 2003 the citizens of Maine approved the construction of a slot machine facility in Bangor, Maine; and

WHEREAS, during the months that followed, the State developed a regulatory framework for slot machine operators under which any operator must pay a 1% tax on gross slot machine revenue and a 39% tax on net slot machine revenue; and

WHEREAS, in reliance on the statutory framework described above, a slot machine operator was licensed by the State in 2005 and opened a temporary, 475 slot machine facility in accordance with State law; and

WHEREAS, the slot machine operator has invested over \$70 million in the State of Maine in reliance on the statutory framework; and

WHEREAS, in further reliance on the statutory framework describe above, the operator commenced planning for a larger gaming facility requiring an investment of approximately \$131 million; and

WHEREAS, earlier this year the concept of increasing the slot machine operator's tax burden was discussed before the Legislature's Joint Standing Committee on Appropriations, causing the operator to halt construction; and

WHEREAS, despite the Legislature's subsequent rejection of the proposed tax increase, the operator and members of the business community remain concerned over the stability of Maine's tax structure with respect to slot machine operations; and

WHEREAS, the proposed facility is the only authorized gaming facility located in the State and the taxes in question present a unique circumstance in that they are applicable only to a single taxpayer; and

WHEREAS, adjustments to the methods by which the slot machine operator is taxed in Maine may enhance stability for this citizen-approved facility;

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby order the creation of the Committee to Review the Taxation of Slot Machine Revenues (the "Committee").

Purpose

The Committee is created to explore ways to enhance stability for this citizen-approved facility through simplification of the tax and revenue sharing structure in a revenue neutral manner that will yield to the State and the existing statutory beneficiaries the same revenue as would be collected under current law, but enhance the effectiveness and stability of the tax and revenue sharing requirements of current law. It is anticipated that the Committee will examine, among other things, the current tax structure for the slot machine operator and potential adjustments to the methods by which it is taxed.

The Committee shall report any recommendations to the Governor not later than December 1, 2007.

Procedures

The Committee shall meet at times and places called by the Chair.

Membership & Support

The Committee shall consist of at least seven members, who are appointed by, and serve at the pleasure of the Governor, one of whom shall be appointed by the Governor to serve as chair.

The Committee shall include:

- One representative of the slot machine operator
- One representative of the Gambling Control Board
- The Commissioner of the Department of Administrative & Financial Services, or her designee
- The Commissioner of the Department of Economic and Community Development, or his designee
- Three members of the public, one of whom shall have a background in the gaming industry

The President of the Senate may appoint two members of the Senate, and the Speaker of the House may appoint two members of the House of Representatives. Members shall serve at the pleasure of their appointing authority.

Members of the Committee shall serve without compensation.

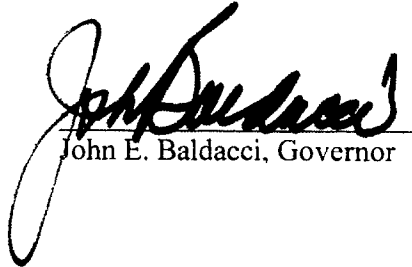
The Committee may call on representatives of other state agencies or organizations not represented on the Committee to provide limited information or to participate fully in the

Committee when, in the Committee's discretion, that person has responsibilities or expertise in a particular area that would be helpful to the work of the Committee.

Staff support to the Committee shall be provided by the Governor's Office and other state agencies as needed.

Effective Date

The effective date of this Executive Order is June 1, 2007.



John E. Baldacci, Governor



OFFICE OF
THE GOVERNOR

NO. 05 FY 08/09
DATE August 22, 2007

**AN ORDER TO AMEND THE ESTABLISHMENT OF THE COMMITTEE TO
REVIEW THE TAXATION OF SLOT MACHINE REVENUES**

WHEREAS, the Committee to Review the Taxation of Slot Machine Reviews was created pursuant to Executive Order 33 FY 06/07 (dated June 1, 2007) to explore ways to enhance stability for this citizen-approved facility through simplification of the tax and revenue sharing structure in a revenue neutral manner that will yield to the State and the existing statutory beneficiaries the same revenue as would be collected under current law, but enhance the effectiveness and stability of the tax and revenue sharing requirements of current law; and

WHEREAS, changes to the membership of the Executive Order are needed before the Committee begins its work:

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby amend Executive Order 33 FY 06/07 as follows:

By amending the Membership to read as follows:

The Committee shall consist of at least eight members, who are appointed by, and serve at the pleasure of the Governor, one of whom shall be appointed by the Governor to serve as chair.

The Committee shall include:

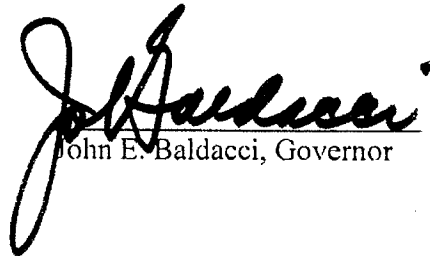
- One representative of the slot machine operator;
- One representative of the Gambling Control Board;
- The Commissioner of the Department of Administrative & Financial Services, or her designee;
- The Commissioner of the Department of Economic and Community Development, or his designee;
- Three members of the public, one of whom shall have a background in the gaming industry; and
- A representative of the City of Bangor, Maine.

The President of the Senate may appoint two members of the Senate, and the Speaker of the House may appoint two members of the House of Representatives. Members shall serve at the pleasure of their appointing authority.

In all other aspects, the terms of Executive Order 33 FY 06/07 dated June 1, 2007 remains the same

Effective Date

The effective date of this Executive Order is August 22, 2007.



John E. Baldacci, Governor

LIST OF COMMITTEE MEETINGS AND MOTIONS

1. Meeting #1 10/09/07 1:00 p.m. Taxation Committee Room

Present: John Sagaser, Sen. Plowman, Rep. Valentino, Rep. Blanchette, Peter Danton, Jon Johnson, James Hanley, Sebastian Sinclair, Dan Tremble

2. Meeting #2 10/29/07 1:00 p.m. Transportation Committee Room

Present: John Sagaser, Sen. Plowman, Rep. Valentino, Rep. Marean, Rep. Blanchette, Peter Danton, Jon Johnson, James Hanley, Sebastian Sinclair, Daniel Stevenson, Dan Tremble

3. Meeting #3 11/05/07 1:00 p.m. Taxation Committee Room

Present: John Sagaser, Sen. Plowman, Rep. Valentino, Rep. Marean, Peter Danton, Jon Johnson, James Hanley, Sebastian Sinclair, Daniel Stevenson, Dan Tremble

a) Motion to direct Grant Pennoyer to provide revenue impact on options considered by the Committee based on RFC's payback % assumptions, and for Committee to proceed with revenue neutrality discussion based on those assumptions; seconded, passed by vote: 9 in favor, 2 opposed (Rep. Valentino and Mr. Danton opposed).

4. Meeting #4 11/19/07 2:00 p.m. Transportation Committee Room

Present: John Sagaser, Sen. Plowman, Rep. Valentino, Rep. Marean, Peter Danton, Jon Johnson, Sebastian Sinclair, Dan Tremble

a) Motion to allow voting on final report at next meeting by all Committee members who have been present for at least TWO Committee meetings; seconded; passed by unanimous vote

b) Motion to allow absentee voting on final report by all Committee members eligible to vote, such absentee voting to be by communication to Committee Chair within 24 hours of the taking of the Committee vote on the final report at Committee Meeting #5; seconded; passed by unanimous vote

5. Meeting #5 12/04/07 1:00 p.m. Taxation Committee Room

Present: John Sagaser, Sen. Plowman, Rep. Valentino, Rep. Marean, Peter Danton, Jon Johnson, James Hanley

(a) Chair's planned procedure accepted by unanimous consent, as follows:

(i) The option receiving the most committee member votes shall be referred to as the "committee recommendation" in the Committee Report;

(ii) Chair shall circulate revised Committee Report by end of day Monday, December 10, 2007;

(iii) Unless a Committee member requests a meeting to address any particular item in the Committee Report by 5:00 p.m. Tuesday, December 11, 2007, the Committee Report shall be deemed adopted at that time;

(iv) Separate member statements may be filed with the chair by 5:00 p.m. Tuesday, December 11, 2007, to be included in the Committee Report;

(v) The Chair shall have the Committee Report printed, filed with the Governor's Office by 5:00 p.m., Friday, December 14, 2007, and copies distributed to Committee members.

(b) Motion to revise voting procedure on Committee recommendations as follows: voting to be by each member notifying the chair of what option he/she recommends by Thursday, December 6, 2007, 5:00 p.m., with Chair to report back to the Committee members the vote tally; seconded, passed by 6-1 (Rep. Marean opposed).

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Meeting Summaries --

Summary of Meeting #1

- 10/09/07 1-4 pm, Taxation Committee room
- 9 of 11 members present
- *Call to order*; discussion of Committee purpose
- Discussion of statutory beneficiaries—payments to, expenditures by
- Presentation by Bob Welch and Scott Woods of the GCB on the current structure and administration of Maine taxation of slot machine revenues and revenue sharing among statutory beneficiaries – two handouts
 - Committee questions and discussion
- Presentation by Committee member Jon Johnson, manager of the slot machine operator Hollywood Slots at Bangor – PowerPoint
 - Explanation of current taxation structure and business operations, comparison of terminology and tax base with other States
 - GSMI includes payback credits
 - Payback % controlled by operator; variable

- HOLLYWOOD SLOTS PROPOSAL: single, redefined tax base taxed at 48%
 - (1) redefine slot revenue
 - Eliminate current tax bases: GSMI and NSMI
 - Misperception – “easy target”; complexity; consistency
 - Replace with new tax base: SMW
 - Slot Machine Win = drop – payouts
 - (2) Tax SMW at 48%
 - 48% of new base = revenue neutrality with current tax structure
 - Data sheet: cumulative operations, taxation and tax revenue disbursements
 - (3) Maintain current statutory tax revenue allocation

- Committee questions and discussion: terminology, perceptions regarding GSMI, SMW 48% revenue neutrality, factors affecting payback %
- *Meeting concluded*

Summary of Meeting #2

- 10/29/07 1-4 pm, Transportation Committee room
- 11 of 12 members present
- Review of summary of meeting #1
- Review of current structure (1% GSMI; 39% NSMI; revenue disbursements)
- Review min. 3% NSMI Rev-Share agreement with locality
- Review of options #1,2,3 and others – discussion and comments from Bob Welch (GCB) and Grant Pennoyer (OFPR)
 - Option #1 – no change for now
 - Option #2 – 48% tax vs. current tax: one-tier
 - Option #3 – 48% tax vs. current tax: two-tier
 - revenue neutrality – payback % variability; revenue forecast and adjustments
 - past comparison
 - past and current budget cycle
 - past, current and future
 - current and future – revenue forecast vs. separate evaluation of variability
 - magnitude of variability
- *Meeting concluded*

Summary of Meeting #3

- 11/05/07 1-4 pm, Taxation Committee room
- 11 of 12 members present
- Review of summary of meeting #2
- Options comparison – presentation by Grant Pennoyer (OFPR) and Committee discussion
 - Option #1 – no change from current structure (1% GSMI; 39% NSMI; revenue disbursements)
 - Option #2 – 48% effective rate/one-tier tax – *dropped by Committee consensus*
 - Options #3, 4 and 5 – retain two-tier structure
 - 8 MRSA ch. 31 draft changes: GGR, Adjusted GGR, rates
 - Payback %
 - variability – *handout* (by week ending); statistical averaging (e.g., large payout week); business decisions
 - floor set-up – penny/nickel machines, etc.
 - individual machine “board” setting
 - RFC forecast: 92.5%
 - SS: reasonable estimate
 - JH: 48% rate > rev.neutral, therefore = some buffer
 - GP: payout % < 93.2% = greater total revenue
 - *MOTION by Sen.Plowman, seconded, discussion:* To direct Grant Pennoyer to provide revenue impact on options considered by Committee based on RFC’s payback % assumptions (decrease to 92.5%, then to 92.25%), and for Committee to proceed with revenue neutrality discussion based on those assumptions.

- *Vote: 9 in favor, 2 opposed*

- Option #3
 - Rates and revenue
 - Effective 47.91 % rate
 - Tier 1 rate = 14.6%
 - Tier 2 rates = no change
- Option #4
 - rates and revenue
 - Effective 46.87 % rate
 - Tier 1 rate = 12.9%
 - Tier 2 rates = no change
- Option #5
 - rates and revenue
 - Effective 47.74 % rate
 - Tier 1 rate = 12.90%
 - Tier 2 rates = 40%, with GF from 3% to 4%
- Next meeting: Meeting #4, Monday, Nov. 19 from 2 p.m. to 4 p.m. – with presentation/Q&A with Grant Pennoyer and Committee discussion regarding Options #1, 3, 4 and 5. Draft report to be circulated prior to meeting, with expectation of report revision and voting at the meeting.
- *Meeting concluded*

Summary of Meeting #4

- 11/19/07 2~3:30 pm, Transportation Committee room
- 8 of 12 members present
- Review of summary of meeting #3
- Review of options #1,2,3,4,5,6– discussion and comments from Grant Pennoyer (OFPR)
- ***Motion*** to allow voting on final report at next meeting by all Committee members who have been present for at least TWO Committee meetings; seconded; passed by unanimous vote
- ***Motion*** to allow absentee voting on final report by all Committee members eligible to vote, such absentee voting to be by communication to Committee Chair within 24 hours of the taking of the Committee vote on the final report at Committee Meeting #5 ; seconded; passed by unanimous vote
- *By unanimous consent, the next Committee Meeting (meeting #5) is scheduled for December 4th at 1:00 p.m.*
- *Meeting concluded*

Summary of Meeting #5

- 12/04/07 1 p.m.~3:40 pm, Taxation Committee room
- 7 of 12 members present
- Review of summary of meeting #4
- Review of options #1,2,3,4,5,6

- *Chair's planned procedure accepted by unanimous consent, as follows:*
 - *The option receiving the most committee member votes shall be referred to as the "committee recommendation" in the Committee Report;*
 - *Chair shall circulate revised Committee Report by end of day Monday, December 10, 2007;*
 - *Unless a Committee member requests a meeting to address any particular item in the Committee Report by 5:00 p.m. Tuesday, December 11, 2007, the Committee Report shall be deemed adopted at that time;*
 - *Separate member statements may be filed with the chair by 5:00 p.m. Tuesday, December 11, 2007, to be included in the Committee Report;*
 - *The Chair shall have the Committee Report printed, filed with the Governor's Office by 5:00 p.m., Friday, December 14, 2007, and copies distributed to Committee members.*

- ***Motion** to revise voting procedure on Committee recommendations as follows: voting to be by each member notifying the chair of what option he/she recommends by Thursday, December 6, 2007, 5:00 p.m., with Chair to report back to the Committee members the vote tally; seconded, passed by 6-1.*

- *Meeting concluded*

Title 8, §1036, Allocation of funds (CONFLICT)

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§1036. Allocation of funds (CONFLICT)

1. Distribution for administrative expenses of board. A slot machine operator 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.
[2005, c. 663, §11 (amd).]

2. Distribution from commercial track. A slot machine operator 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, including gambling addiction counseling services, in accordance with rules adopted by the board; [2005, c. 663, §12 (amd).]

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; [2005, c. 663, §12 (amd).]

C. Three percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281; [2005, c. 663, §12 (amd).]

~~D. (CONFLICT: Text as amended by PL 2005, c. 563, §10) Three percent of the total gross 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. [2005, c. 563, §10 (amd).]~~

deleted by
PL 2007
c. 466
§A-29
Correction
Bill

D. (CONFLICT: Text as amended by PL 2005, c. 663, §12) 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 77; [2005, c. 663, §12 (amd).]

E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller to be credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E; [2005, c. 663, §12 (amd).]

F. Two 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; [2005, c. 663, §12 (amd).]

G. One 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; [2005, c. 663, §12 (amd).]

H. Four 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 to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter; [2005, c. 663, §12 (amd).]

Title 8, §1036, Allocation of funds (CONFLICT)

I. Two 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 to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income from a licensed operator, the percent of net slot machine income forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection l; and [2005, c. 663, §12 (amd).]

J. One percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located. [2005, c. 663, §12 (amd).]

[2005, c. 563, §10 (amd); c. 663, §12 (amd).]

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

[2003, c. 687, Pt. A, §5 (new); Pt. B, §11 (aff).]

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

[2003, c. 687, Pt. A, §5 (new); Pt. B, §11 (aff).]

PL 2003, Ch. 687, §A5 (NEW).

PL 2003, Ch. 687, §B11 (AFF).

PL 2005, Ch. 109, §1 (AMD).

PL 2005, Ch. 563, §10 (AMD).

PL 2005, Ch. 663, §11,12 (AMD).

Christiansen Capital Advisors LLC

Glossary

Handle: The gross amount wagered at any form of gambling. *Gross wagering, betting, gross betting or gross amount bet, money staked, turnover* and *lottery sales* are in various systems of accounting synonyms for handle.

Drop: In casino revenue accounting, cash and cash equivalents exchanged for chips and (if played) risked against the casino; players' bankroll.

Drop and *handle* are often confused, but there is an important distinction in the two statistics. Handle is the total amount wagered, or bet: a chip may be wagered many times before the game goes to a decision and the chip is won or lost. Casinos generally report handle for slot operations, and in slot revenue accounting the percentage of win to handle ("takeout percentage") is accurately known. Handle at table games is not accounted. In default of handle statistics, revenue accounting for these games starts with drop.

Hold percentages for table games are ratios of win to drop. Table games typically win (*hold*) 12% to 20% of drop (and as high as 25% in market monopolies; the early days of Atlantic City or Foxwoods, for example), depending on the kind of game, odds and conditions of play, and player choice in games where different propositions have different house advantages, as in craps, or where conditions of play, as for example the number of decks used to deal twenty-one, vary in ways that materially affect outcomes.

Hold percentages should not be confused with percentages used to express *house or casino advantages* (or *expected values*) for table games. Casino advantages or expected values for table games are stated as percentages of handle, not as percentages of drop. For example, the expected value of Nevada and Atlantic City roulette is 5.26% (except for one bet on the layout with an expected value of 7.89%), the "Don't Pass" line at craps 1.402%, approximately 1% to 1.2% for baccarat and so forth.

The relationship of handle, drop, and win may be summarized in the following example: a player buys 100 \$1 chips and wagers them one at a time at a table game with a casino advantage (expected value) of 1%. Our player will win some bets (or trials of the game's randomizing device) and lose others, and will, if he is statistically average, generate a handle of \$10,000 before his entire \$100 bankroll (or \$100 drop) is lost and results in a \$100 win. Our average player probably won't keep gambling until his bankroll is entirely lost, however; as noted, table games typically win from 12% to 20% of drop or player bankrolls (and more, perhaps as much as 25%, in monopoly situations).

Gross gambling revenue (GGR): Handle less payouts or prizes or winnings returned to players.

From the operator's point of view, gross revenue is money extracted from players collectively and transferred to the operator(s) of a commercial game; GGR is thus the source of *gambling industry revenues* and *government gambling tax receipts*.

From the consumer's point of view, gross gambling revenue is the *consumer price* of playing a commercial game.

Win, takeout, retention, and net receipts are in various systems of accounting synonyms for gross gambling revenue. By whatever name, gross gambling revenues are useful statistics. Unlike handles, which are measures of wagering volumes and thus partial functions of the velocity of dollars (or cycle times) through gambling games, gross gambling revenues are measures of the *economic value* of gambling: its cost to consumers, and its worth to operators. Gross gambling revenues, *NOT* handles, are the statistics through which one form of gambling may be compared to another, to other businesses, other industries, other forms of consumption, and to the general economy.

Source: Sebastian Sinclair, Christensen Capital Advisors LLC

Illinois - Illinois Riverboat Gambling Act (230 ILCS 10) - (h) "Adjusted gross receipts" means the gross receipts less winnings paid to wagerers.

Indiana - IC 4-33-2-2 "Adjusted gross receipts"

Sec. 2. "Adjusted gross receipts" means:

(1) the total of all cash and property (including checks received by a licensee or an operating agent) whether collected or not, received by a licensee or an operating agent from gaming operations; minus

(2) the total of:

(A) all cash paid out as winnings to patrons; and

(B) uncollectible gaming receivables, not to exceed the lesser of:

(i) a reasonable provision for uncollectible patron checks received from gaming operations; or

(ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out as winnings to patrons.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee or operating agent from gaming operations.

As added by P.L.277-1993(ss), SEC.124. Amended by P.L.92-2003, SEC.3.

Iowa - 99F.1 Definitions. 1. "Adjusted gross receipts" means the gross receipts less winnings paid to wagerers.

Missouri – Missouri Gaming Commission <http://www.mgc.dps.mo.gov/> The gross receipts are from licensed games and devices less winnings paid to wagers.

Rhode Island – http://www.rilot.com/docs/Lottery_Rules_May2007.pdf Chapter 20 22.

"Net Terminal Income" means an amount equal to total currency placed into a Terminal less total credits issued from that Terminal redeemable for cash by players.

Pennsylvania – <http://www.pgcb.state.pa.us/legislation/TITLE4.pdf> Title 4, Amusements - "Gross terminal revenue." The total of cash or cash equivalent wagers received by a slot machine minus the total of:

(1) Cash or cash equivalents paid out to patrons as a result of playing a slot machine which are paid to patrons either manually or paid out by the slot machine.

(2) Cash paid to purchase annuities to fund prizes payable to patrons over a period of time as a result of playing a slot machine.

(3) Any personal property distributed to a patron as the result of playing a slot machine. This does not include travel expenses, food, refreshments, lodging or services.

Source: Sebastian Sinclair, Christensen Capital Advisors LLC

The term does not include counterfeit money or tokens, coins or currency of other countries which are received in slot machines, except to the extent that they are readily convertible to United States currency, cash taken in fraudulent acts perpetrated against a slot machine licensee for which the licensee is not reimbursed or cash received as entry fees for contests or tournaments in which the patrons compete for prizes.

New Jersey http://www.state.nj.us/casinos/actreg/act/docs_article01/cca-article01.pdf
5:12-24 "Gross revenue"

"Gross Revenue" - The total of all sums, including checks received by a casino licensee pursuant to section 101 of this act, whether collected or not, actually received by a casino licensee from gaming operations, less only the total of all sums paid out as winnings to patrons; provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining gross revenue. "Gross Revenue" shall not include any amount received by a casino from casino simulcasting pursuant to the "Casino Simulcasting Act," P.L.1992, c. 19 (C.5:12-191 et al.).

Revenue Forecasting Committee - December 2007 - Racino Revenue

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Revised General Fund Revenue		\$7,359,185	\$11,391,849	\$12,506,703	\$13,078,541
Incremental Effect of December 2007 Forecast		\$389,991	\$550,462	\$167,921	\$179,414
December 2007 Forecast - Revised General Fund Revenue	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Fund for a Healthy Maine Revenue		\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
Incremental Effect of December 2007 Forecast		\$16,639	\$459,754	\$244,838	\$251,663
December 2007 Forecast - Fund for a Healthy Maine Revenue	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888

Detail of Current Revenue Forecast - Distribution of Total Slot Income

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
General Fund - Administration (1% of Gross Slot Income)	C 1.0%	\$6,103,874	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
"Net Slot Machine Income" (=A-B-C)		\$35,388,046	\$38,337,895	\$64,369,688	\$66,106,125	\$67,948,875
Licensees' Share of "Net Slot Machine Income"	61.0%	\$21,586,708	\$23,386,116	\$39,265,509	\$40,324,736	\$41,448,814

Distribution of State Share of "Net Slot Machine Income"		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Fund for Healthy Maine	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
University of Maine Scholarship Fund	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System - Scholarship Funds	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Purse Supplements	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Sire Stakes Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,415,521.86	\$1,533,516	\$2,574,788	\$2,644,245	\$2,717,955
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$473,243	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Agricultural Fair Support Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$6,103,874.00	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
General Fund (Other)	\$1,061,641.39	\$1,150,137	\$1,931,091	\$2,407,624	\$2,717,955
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,703,400.91	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Fund for Healthy Maine	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Other Special Revenue Funds					
Harness Racing Commission	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
HRC - Subtotal	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System Scholarships	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Subtotal - Other Special Revenue Funds	\$9,225,892.06	\$9,992,854	\$16,761,121	\$16,788,154	\$17,012,220

Details and Assumptions

Number of Machines	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	475	479	1,000	1,000	1,000
August	475	479	1,000	1,000	1,000
September	475	479	1,000	1,000	1,000
October	475	479	1,000	1,000	1,000
November	475	479	1,000	1,000	1,000
December	477	479	1,000	1,000	1,000
January	479	479	1,000	1,000	1,000
February	479	479	1,000	1,000	1,000
March	479	479	1,000	1,000	1,000
April	479	479	1,000	1,000	1,000
May	479	479	1,000	1,000	1,000
June	479	479	1,000	1,000	1,000

Payback % Average for Month	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	93.22%	92.98%	92.25%	92.25%	92.25%
August	93.32%	92.83%	92.25%	92.25%	92.25%
September	93.23%	92.71%	92.25%	92.25%	92.25%
October	93.51%	92.74%	92.25%	92.25%	92.25%
November	93.45%	92.50%	92.25%	92.25%	92.25%
December	93.46%	92.50%	92.25%	92.25%	92.25%
January	93.50%	92.50%	92.25%	92.25%	92.25%
February	93.32%	92.50%	92.25%	92.25%	92.25%
March	93.24%	92.50%	92.25%	92.25%	92.25%
April	92.44%	92.50%	92.25%	92.25%	92.25%
May	93.09%	92.50%	92.25%	92.25%	92.25%
June	92.56%	92.50%	92.25%	92.25%	92.25%

Average Total Slot Income Per Machine Per Day	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$3,516.43	\$3,422	\$2,625	\$2,696	\$2,771
July	3,488.74	3,815.32	\$2,775	\$2,850	\$2,950
August	3,434.83	3,668.08	\$2,775	\$2,850	\$2,950
September	3,473.46	3,671.65	\$2,775	\$2,850	\$2,950
October	3,698.23	3,609.82	\$2,775	\$2,850	\$2,950
November	3,722.67	\$3,500	\$2,600	\$2,650	\$2,700
December	3,187.07	\$3,100	\$2,425	\$2,475	\$2,550
January	3,439.92	\$3,100	\$2,425	\$2,475	\$2,550
February	3,645.10	\$3,100	\$2,425	\$2,475	\$2,550
March	3,727.29	\$3,200	\$2,425	\$2,475	\$2,550
April	3,570.05	\$3,300	\$2,500	\$2,600	\$2,650
May	3,533.61	\$3,500	\$2,800	\$2,900	\$2,950
June	3,276.16	\$3,500	\$2,800	\$2,900	\$2,950

Details and Assumptions					
Payback % Average for Month	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	93.22%	92.98%	92.25%	92.25%	92.25%
August	93.32%	92.83%	92.25%	92.25%	92.25%
September	93.23%	92.71%	92.25%	92.25%	92.25%
October	93.51%	92.74%	92.25%	92.25%	92.25%
November	93.45%	92.50%	92.25%	92.25%	92.25%
December	93.46%	92.50%	92.25%	92.25%	92.25%
January	93.50%	92.50%	92.25%	92.25%	92.25%
February	93.32%	92.50%	92.25%	92.25%	92.25%
March	93.24%	92.50%	92.25%	92.25%	92.25%
April	92.44%	92.50%	92.25%	92.25%	92.25%
May	93.09%	92.50%	92.25%	92.25%	92.25%
June	92.56%	92.50%	92.25%	92.25%	92.25%

Average Total Slot Income Per Machine Per Day	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$3,516.43	\$3,422	\$2,625	\$2,696	\$2,771
July	3,488.74	3,815.32	\$2,775	\$2,850	\$2,950
August	3,434.83	3,668.08	\$2,775	\$2,850	\$2,950
September	3,473.46	3,671.65	\$2,775	\$2,850	\$2,950
October	3,698.23	3,609.82	\$2,775	\$2,850	\$2,950
November	3,722.67	\$3,500	\$2,600	\$2,650	\$2,700
December	3,187.07	\$3,100	\$2,425	\$2,475	\$2,550
January	3,439.92	\$3,100	\$2,425	\$2,475	\$2,550
February	3,645.10	\$3,100	\$2,425	\$2,475	\$2,550
March	3,727.29	\$3,200	\$2,425	\$2,475	\$2,550
April	3,570.05	\$3,300	\$2,500	\$2,600	\$2,650
May	3,533.61	\$3,500	\$2,800	\$2,900	\$2,950
June	3,276.16	\$3,500	\$2,800	\$2,900	\$2,950

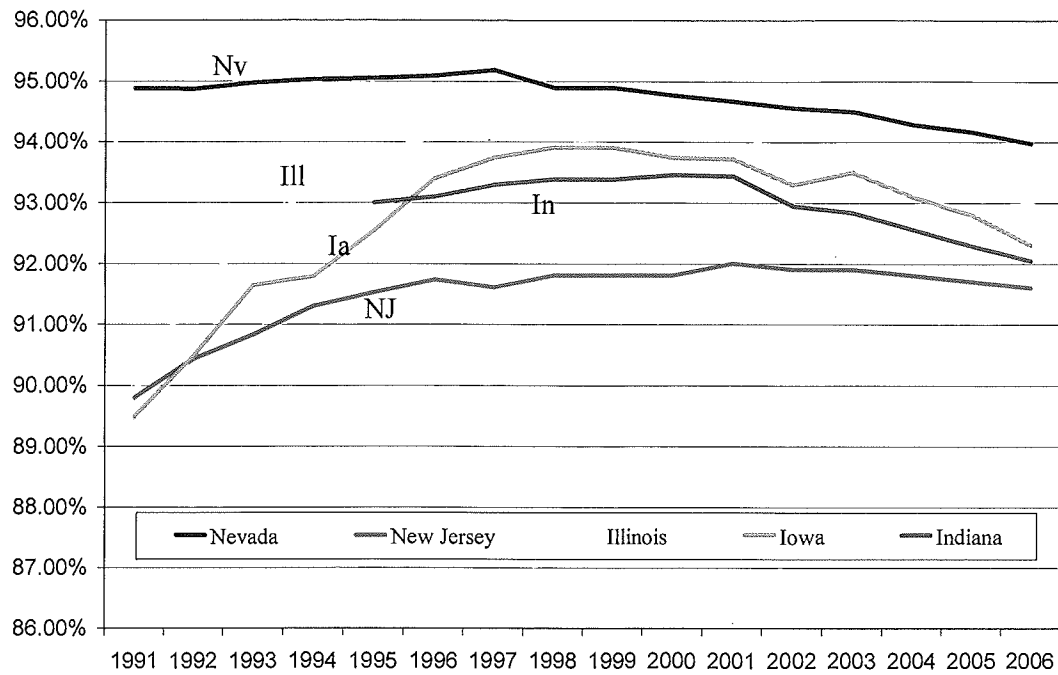
Updated: 05/17/2007

Number of Machines	2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
July	0	0	0	521	0	0
August	0	0	0	0	0	0
September	0	0	0	0	0	0
October	0	0	0	0	0	0
November	0	0	0	0	0	0
December	0	0	0	0	0	0
January	0	0	0	0	0	0
February	0	0	0	0	0	0
March	0	0	0	0	0	0
April	0	0	0	0	0	0
May	0	0	0	0	0	0
June	0	0	0	0	0	0

Payback % Average for Month	2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
July	0.00%	0.00%	0.48%	-0.25%	-0.25%	-0.25%
August	0.00%	0.00%	0.33%	-0.25%	-0.25%	-0.25%
September	0.00%	0.00%	0.21%	-0.25%	-0.25%	-0.25%
October	0.00%	0.00%	0.24%	-0.25%	-0.25%	-0.25%
November	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
December	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
January	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
February	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
March	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
April	0.00%	0.00%	0.00%	-0.25%	-0.25%	-0.25%
May	0.00%	0.59%	0.00%	-0.25%	-0.25%	-0.25%
June	0.00%	0.06%	0.00%	-0.25%	-0.25%	-0.25%

Average Total Slot Income Per Machine Per Day	2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$0.00	(\$16)	\$47	(\$60)	\$0	\$0
July	\$0.00	-	\$315	(\$725)	\$0	\$0
August	\$0.00	-	\$168	\$0	\$0	\$0
September	\$0.00	-	\$172	\$0	\$0	\$0
October	\$0.00	-	(\$90)	\$0	\$0	\$0
November	\$0.00	-	\$0	\$0	\$0	\$0
December	\$0.00	-	\$0	\$0	\$0	\$0
January	\$0.00	-	\$0	\$0	\$0	\$0
February	\$0.00	-	\$0	\$0	\$0	\$0
March	\$0.00	-	\$0	\$0	\$0	\$0
April	\$0.00	-	\$0	\$0	\$0	\$0
May	\$0.00	\$34	\$0	\$0	\$0	\$0
June	\$0.00	(\$224)	\$0	\$0	\$0	\$0

Slot Payout Percentages for Selected States, 1991-2006



Source: Christiansen Capital Advisors, LLC, State Regulatory Agencies

Revenue Forecasting Committee - December 2007 - Racino Revenue with Option #7

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
December 2007 Forecast	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Incremental Effect of Legislative Changes (Option #7)	(\$638,525)	(\$179,699)	\$158,617	\$162,913	\$167,462
Option #7 Revenue	\$7,064,876	\$7,569,477	\$12,100,928	\$12,837,537	\$13,425,417

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
December 2007 Forecast	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Incremental Effect of Legislative Changes (Option #7)	\$75,142	\$28,480	\$238	\$244	\$251
Option #7 Revenue	\$3,613,946	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139

Detail of Current Revenue Forecast - Distribution of Total Slot Income

Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
Gross Gaming Revenue (=A-B)		\$41,491,920	\$44,342,934	\$73,905,938	\$75,899,625	\$78,015,375
General Fund - 8 MRSA §1036(1)	C	\$5,352,458	\$5,720,239	\$9,533,866	\$9,791,052	\$10,063,983
Adjusted Gross Gaming Revenue (=A-B-C)	D	\$36,139,463	\$38,622,695	\$64,372,072	\$66,108,573	\$67,951,392
Licensees' Share		\$20,709,966	\$22,132,999	\$36,888,855	\$37,883,969	\$38,940,009

Licensee Direct Payment to Host Municipality	3.00%	\$1,244,758	\$1,330,288	\$2,217,178	\$2,276,989	\$2,340,461
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Distribution of State Share of Adjusted Gross Gaming Revenue		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Total State Share of Adjusted Gross Gaming Revenue	39.25%	\$14,184,739.11	\$15,159,408	\$25,266,038	\$25,947,615	\$26,670,921
General Fund (other)	3.25%	\$1,174,532.54	\$1,255,238	\$2,092,092	\$2,148,529	\$2,208,420
General Fund (After 48 months - November 2009)	1.00%	\$0.00	\$0	\$0	\$424,456	\$679,514
Fund for Healthy Maine	10.00%	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
University of Maine Scholarship Fund	2.00%	\$722,789.25	\$772,454	\$1,287,441	\$1,322,171	\$1,359,028
Maine Community College System - Scholarship Funds	1.00%	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Resident Municipalities	1.00%	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Purse Supplements	10.00%	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
Sire Stakes Fund	3.00%	\$1,084,183.88	\$1,158,681	\$1,931,162	\$1,983,257	\$2,038,542
Fund to Encourage Racing at Commercial Tracks	4.00%	\$1,445,578.51	\$1,544,908	\$2,574,883	\$2,644,343	\$2,718,056
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.00%	\$722,789.25	\$772,454	\$1,287,441	\$473,260	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.00%	\$0.00	\$0	\$0	\$424,456	\$679,514
Agricultural Fair Support Fund	3.00%	\$1,084,183.88	\$1,158,681	\$1,931,162	\$1,983,257	\$2,038,542

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$5,352,457.74	\$5,720,239	\$9,533,866	\$9,791,052	\$10,063,983
General Fund (Other)	\$1,174,532.54	\$1,255,238	\$2,092,092	\$2,572,985	\$2,887,934
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,064,875.80	\$7,569,477	\$12,100,928	\$12,837,537	\$13,425,417
Fund for Healthy Maine	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
Other Special Revenue Funds					
Harness Racing Commission	\$7,950,681.79	\$8,496,994	\$14,161,855	\$14,119,430	\$14,269,793
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$722,789.25	\$772,454	\$1,287,441	\$1,322,171	\$1,359,028
Maine Community College System Scholarships	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Resident Municipalities	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Subtotal - Other Special Revenue Funds	\$9,421,260.30	\$10,066,902	\$16,761,738	\$16,788,773	\$17,012,849

Incremental Differences and Tax Rates as a % of Gross Gaming Revenue - Option #7 and Forecast

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund -1% of Gross Slot Income vs. % of GGR	C	(\$751,416)	(\$284,800)	(\$2,384)	(\$2,448)	(\$2,517)
"Net Slot Machine Income" vs. Adj GGR (=A-B-C)	D	\$751,416	\$284,800	\$2,384	\$2,448	\$2,517
Licensees' Share		\$368,016	\$77,171	(\$159,476)	(\$163,778)	(\$168,343)
Licensee Direct Payment to Host Municipality (3% of SMW)		\$0	\$0	\$0	\$0	\$0
Distribution of State Share of "Net Slot Machine Income" or Adj GGR		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)		\$112,891.15	\$105,101	\$161,001	\$165,345	\$169,954
General Fund (After 48 months - November 2009)		\$0.00	\$0	\$0	\$16	\$25
Fund for Healthy Maine		\$75,141.63	\$28,480	\$238	\$244	\$251
University of Maine Scholarship Fund		\$15,028.32	\$5,696	\$47	\$48	\$50
Maine Community College System - Scholarship Funds		\$7,514.17	\$2,848	\$24	\$25	\$25
Resident Municipalities		\$7,514.17	\$2,848	\$24	\$25	\$25
Purse Supplements		\$75,141.63	\$28,480	\$238	\$244	\$251
Sire Stakes Fund		\$22,542.49	\$8,544	\$71	\$73	\$76
Fund to Encourage Racing at Commercial Tracks		\$30,056.65	\$11,392	\$95	\$98	\$101
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)		\$15,028.32	\$5,696	\$47	\$17	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)		\$0.00	\$0	\$0	\$16	\$25
Agricultural Fair Support Fund		\$22,542.49	\$8,544	\$71	\$73	\$76
Revenue Summary		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund						
General Fund Administration		(\$751,416.26)	(\$284,800)	(\$2,384)	(\$2,448)	(\$2,517)
General Fund (Other)		\$112,891.15	\$105,101	\$161,001	\$165,361	\$169,979
Subtotal - General Fund		(\$638,525.11)	(\$179,699)	\$158,617	\$162,913	\$167,462
Fund for Healthy Maine		\$75,141.63	\$28,480	\$238	\$244	\$251
Other Special Revenue Funds		\$0.00	\$0	\$0	\$0	\$0
Harness Racing Commission		\$165,311.58	\$62,656	\$522	\$521	\$529
PUS- host municipalities		\$0.00	\$0	\$0	\$0	\$0
University of Maine Scholarship Fund		\$15,028.32	\$5,696	\$47	\$48	\$50
Maine Community College System Scholarships		\$7,514.17	\$2,848	\$24	\$25	\$25
Resident Municipalities		\$7,514.17	\$2,848	\$24	\$25	\$25
Calculated % of Gross Gaming Revenue		% of NSMI	% of GGR	% of GGR	% of GGR	% of GGR
General Fund Administration % of Slot Machine Win		12.90%	12.90%	12.90%	12.90%	12.90%
Distribution of State Share of "Net Slot Machine Income" or Adj. GGR		39.0%				
General Fund (other)		3.0%	2.83%	2.83%	2.83%	2.83%
General Fund (After 48 months - November 2009)		1.0%	0.00%	0.00%	0.56%	0.87%
Fund for Healthy Maine		10.0%	8.71%	8.71%	8.71%	8.71%
University of Maine Scholarship Fund		2.0%	1.74%	1.74%	1.74%	1.74%
Maine Community College System - Scholarship Funds		1.0%	0.87%	0.87%	0.87%	0.87%
Resident Municipalities		1.0%	0.87%	0.87%	0.87%	0.87%
Purse Supplements		10.0%	8.71%	8.71%	8.71%	8.71%
Sire Stakes Fund		3.0%	2.61%	2.61%	2.61%	2.61%
Fund to Encourage Racing at Commercial Tracks		4.0%	3.48%	3.48%	3.48%	3.48%
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)		2.0%	1.74%	1.74%	0.62%	0.00%
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)		1.0%	0.00%	0.00%	0.56%	0.87%
Agricultural Fair Support Fund		3.0%	2.61%	2.61%	2.61%	2.61%
Total Taxes as a % of Gross Gaming Revenue		47.09%	47.09%	47.09%	47.09%	47.09%
Licensee Direct Payment to Host Municipality (3% of SMW)		3.00%	3.00%	3.00%	3.00%	3.00%
Licensee Share of Slot Machine Win		49.91%	49.91%	49.91%	49.91%	49.91%
Calculation Based on Current Law of State Taxes as a % of Gross Gaming Revenue						
Total Taxes as a % of Gross Gaming Revenue (Current Law)		47.97%	47.26%	46.87%	46.87%	46.87%

Revenue Forecasting Committee - December 2007 - Racino Revenue

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Revised General Fund Revenue		\$7,359,185	\$11,391,849	\$12,506,703	\$13,078,541
Incremental Effect of December 2007 Forecast		\$389,991	\$550,462	\$167,921	\$179,414
December 2007 Forecast - Revised General Fund Revenue	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Fund for a Healthy Maine Revenue		\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
Incremental Effect of December 2007 Forecast		\$16,639	\$459,754	\$244,838	\$251,663
December 2007 Forecast - Fund for a Healthy Maine Revenue	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888

Detail of Current Revenue Forecast - Distribution of Total Slot Income

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
General Fund - Administration (1% of Gross Slot Income)	C	\$6,103,874	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
"Net Slot Machine Income" (=A-B-C)		\$35,388,046	\$38,337,895	\$64,369,688	\$66,106,125	\$67,948,875
Licenseses' Share of "Net Slot Machine Income"	61.0%	\$21,586,708	\$23,386,116	\$39,265,509	\$40,324,736	\$41,448,814

Distribution of State Share of "Net Slot Machine Income"		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Fund for Healthy Maine	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
University of Maine Scholarship Fund	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System - Scholarship Funds	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Purse Supplements	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Sire Stakes Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,415,521.86	\$1,533,516	\$2,574,788	\$2,644,245	\$2,717,955
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$473,243	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Agricultural Fair Support Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$6,103,874.00	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
General Fund (Other)	\$1,061,641.39	\$1,150,137	\$1,931,091	\$2,407,624	\$2,717,955
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,703,400.91	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Fund for Healthy Maine	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Other Special Revenue Funds					
Harness Racing Commission	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
HRC - Subtotal	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System Scholarships	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Subtotal - Other Special Revenue Funds	\$9,225,892.06	\$9,992,854	\$16,761,121	\$16,788,154	\$17,012,220

Details and Assumptions					
Payback % Average for Month	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	93.22%	92.98%	92.25%	92.25%	92.25%
August	93.32%	92.83%	92.25%	92.25%	92.25%
September	93.23%	92.71%	92.25%	92.25%	92.25%
October	93.51%	92.74%	92.25%	92.25%	92.25%
November	93.45%	92.50%	92.25%	92.25%	92.25%
December	93.46%	92.50%	92.25%	92.25%	92.25%
January	93.50%	92.50%	92.25%	92.25%	92.25%
February	93.32%	92.50%	92.25%	92.25%	92.25%
March	93.24%	92.50%	92.25%	92.25%	92.25%
April	92.44%	92.50%	92.25%	92.25%	92.25%
May	93.09%	92.50%	92.25%	92.25%	92.25%
June	92.56%	92.50%	92.25%	92.25%	92.25%

Average Total Slot Income Per Machine Per Day	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$3,516.43	\$3,422	\$2,625	\$2,696	\$2,771
July	3,488.74	3,815.32	\$2,775	\$2,850	\$2,950
August	3,434.83	3,668.08	\$2,775	\$2,850	\$2,950
September	3,473.46	3,671.65	\$2,775	\$2,850	\$2,950
October	3,698.23	3,609.82	\$2,775	\$2,850	\$2,950
November	3,722.67	\$3,500	\$2,600	\$2,650	\$2,700
December	3,187.07	\$3,100	\$2,425	\$2,475	\$2,550
January	3,439.92	\$3,100	\$2,425	\$2,475	\$2,550
February	3,645.10	\$3,100	\$2,425	\$2,475	\$2,550
March	3,727.29	\$3,200	\$2,425	\$2,475	\$2,550
April	3,570.05	\$3,300	\$2,500	\$2,600	\$2,650
May	3,533.61	\$3,500	\$2,800	\$2,900	\$2,950
June	3,276.16	\$3,500	\$2,800	\$2,900	\$2,950

Title 8, Chapter 31, GAMBLING CONTROL BOARD

Subchapter 1: GENERAL PROVISIONS – *Majority Report recommended revisions to current statute*

§1001. Definitions

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

21. ~~Gross slot machine income~~ Gross Gaming Revenue. "~~Gross gaming revenue-slot machine income~~" means the total value of money, tokens, ~~credits vouchers~~ or similar objects or things of value ~~deposited into and used to actually play a slot machine before payback is distributed to a player~~ minus money, credits or prizes won and paid out to winners. Gross gaming revenue does not include electronic credits won on a slot machine but not redeemed.

29-A. ~~Net slot machine income~~ Adjusted Gross Gaming Revenue. "~~Net slot machine income~~" "Adjusted gross gaming revenue" means gross gaming revenue ~~money, tokens, credits or similar objects or things of value used to play a slot machine~~ minus money, credits or prizes paid out to winners and amounts paid pursuant to section 1036, subsection 1.

§1011. License to operate

4. Requirement for license; agreement with municipality where slot machines are located. A slot machine operator shall enter into an agreement with the municipality where the slot machine operator's slot machines are located that provides for revenue sharing or other compensation, including, but not limited to, a provision requiring the preparation, in conjunction with the municipality, of a security plan for the premises on which the slot machines are located. The revenue-sharing agreement must provide for a minimum payment to the municipality of 3% of the ~~net slot machine income~~ adjusted gross gaming revenue derived from the machines located in the municipality.

§1036. Allocation of funds (CONFLICT)

1. Distribution for administrative expenses of board. A slot machine operator shall collect and distribute ~~1%~~ 12.9 % of gross gaming revenue ~~slot machine income~~ to the Treasurer of State for deposit in the General Fund for the administrative expenses of the board.

2. Distribution from commercial track. A slot machine operator shall collect and distribute 39.25% of the adjusted gross gaming revenue ~~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 ~~and one-quarter~~ percent of the ~~net slot machine income~~ adjusted gross gaming revenue 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. Ten percent of the ~~net slot machine income~~ adjusted gross gaming revenue 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;

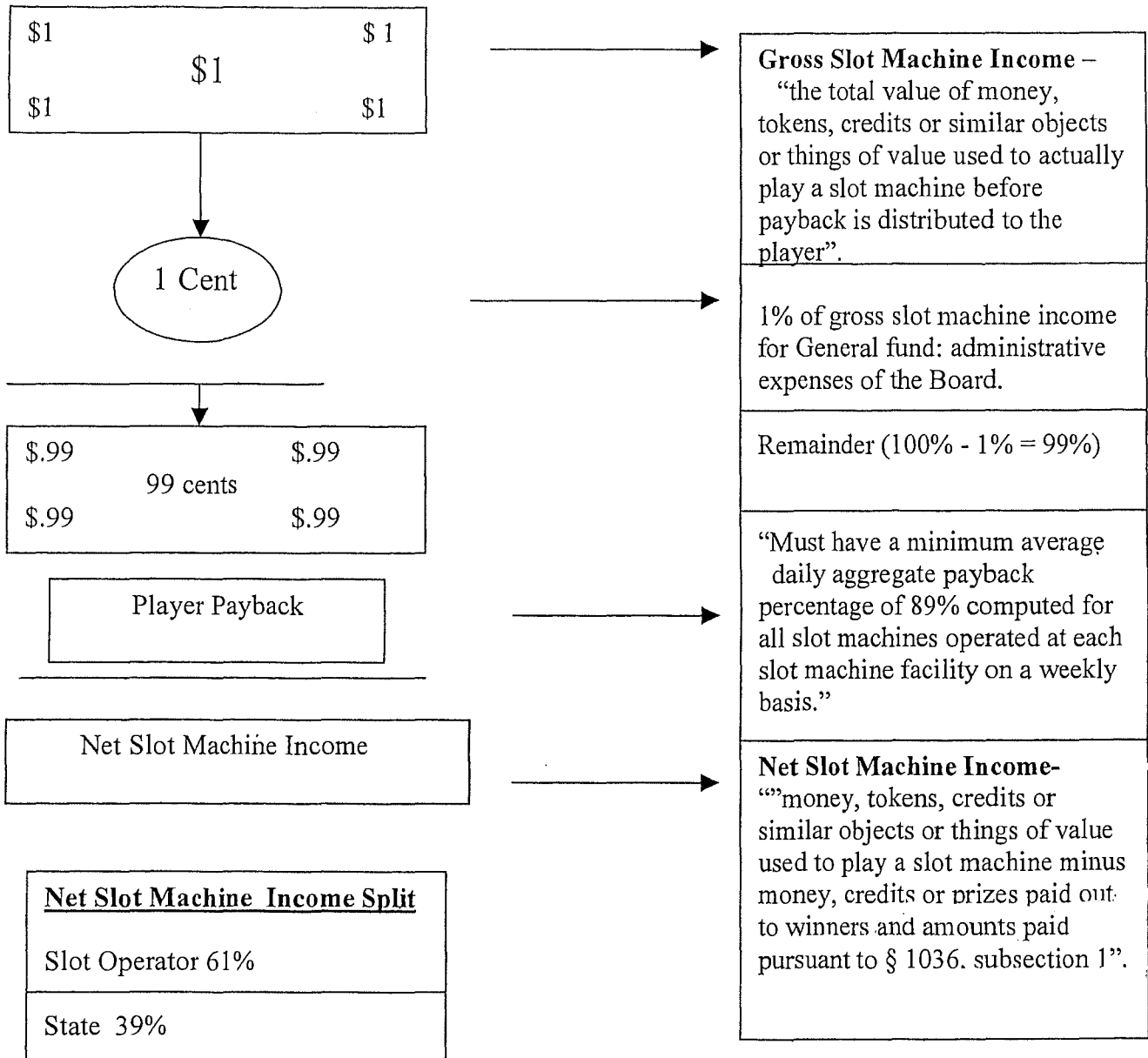
C. Three percent of the ~~net slot machine income~~ adjusted gross gaming revenue must be credited by the board to the Sire Stakes Fund created in section 281;

D. Three percent of the ~~net slot machine income~~ adjusted gross gaming revenue 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 77; [2005, c. 663, §12 (amd).]

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

	<p>F. Two percent of the net slot machine income <u>adjusted gross gaming revenue</u> must be forwarded by the board to the University of Maine System Scholarship Fund created in Title 20-A, section 10909;</p> <p>G. One percent of the net slot machine income <u>adjusted gross gaming revenue</u> 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;</p> <p>H. Four percent of the net slot machine income <u>adjusted gross gaming revenue</u> must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter;</p> <p>I. Two percent of the net slot machine income <u>adjusted gross gaming revenue</u> must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income <u>adjusted gross gaming revenue</u> from a licensed operator, the percent of net slot machine income <u>adjusted gross gaming revenue</u> forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection 1; and</p> <p>J. One percent of the net slot machine income <u>adjusted gross gaming revenue</u> must be forwarded directly to the municipality in which the slot machines are located.</p>

BREAKDOWN OF SLOT MACHINE INCOME



Title 8 Chapter 31 §1036 Distribution of Funds from Slot Operator

<u>Tax on Gross Income</u>	1%	Administrative Expenses of the Board
<u>Tax on Net Income</u>		
	3%	Administrative expenses of the Board, including gambling addiction counseling services
	10%	Fund to Supplement Harness Purses
	3%	Sire Stakes Fund
	3%	Agricultural Fair Support Fund
	10%	Fund For Healthy Maine
	2%	University of Maine Scholarship Fund
	1%	Maine Community College System for Scholarship Programs
	4%	Fund to Encourage Racing at Maine's Commercial tracks.
	2%	Fund to Stabilize Off Track Betting Facilities
	1%	To Municipality
TOTAL	39%	

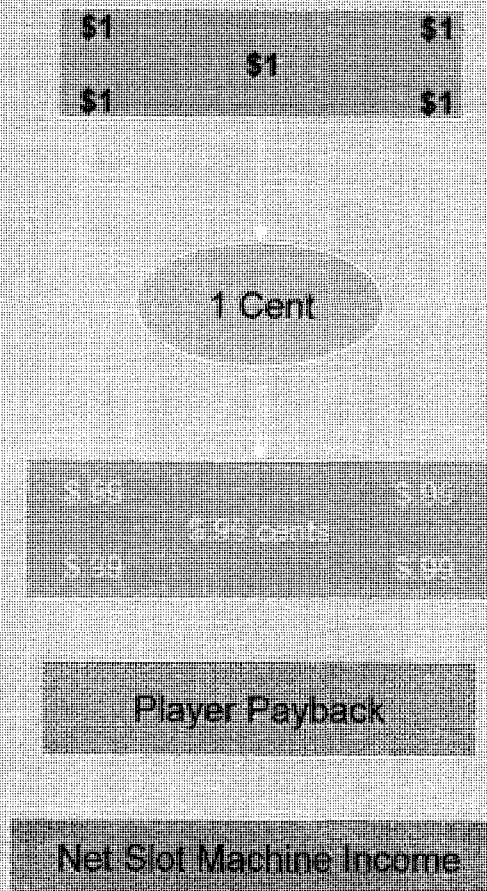
State Revenue from Racino Operation-Bangor

Year: 2007

<u>Month</u>	<u>Gross Revenue</u>	<u>Net Revenue</u>	<u>1% Tax</u> (Gross x .01)	<u>39% Tax</u> (Net-1% x .39)
January	\$48,800,672.19	\$3,295,556.32	\$488,006.72	\$1,094,944.34
February	\$49,342,936.68	\$3,247,716.50	\$493,429.37	\$1,074,171.98
March	\$56,294,760.00	\$3,821,850.14	\$562,947.60	\$1,270,971.99
April	\$49,017,280.74	\$3,672,401.95	\$490,172.81	\$1,241,069.37
May	\$51,142,568.69	\$3,566,177.51	\$511,425.69	\$1,191,353.21
June	\$48,170,924.12	\$3,568,666.28	\$481,709.24	\$1,203,913.25
July	\$56,538,970.31	\$3,958,974.91	\$565,389.70	\$1,323,498.23
August	\$54,770,324.92	\$3,873,008.45	\$547,703.25	\$1,296,869.03
September	\$52,876,178.20	\$3,955,510.58	\$528,761.78	\$1,336,432.03
October				
November				
December				
<u>YTD TOTAL</u>	\$466,954,615.85	\$32,959,862.64	\$4,669,546.16	\$11,033,223.43

**Presentation to Committee
to Review the
Taxation of
Slot Machine Revenue**

Breakdown of Slot Machine Income



Net Slot Machine Income Split

Slot Operator 61%
State 39%

Gross Slot Machine Income—

"the total value of money, tokens, credits or similar objects or things of value used to actually play a slot machine before payback is distributed to the player".

1% of gross slot machine income for General fund: administrative expenses of the Board

Remainder (100% - 1% = 99%)

"Must have a minimum average daily aggregate payback percentage of 89% computed for all slot machine facilities on a weekly basis.

Net Slot Machine Income—

"money, tokens, credits or similar objects or things of value used to play a slot machine minus money, credits or prizes paid out to winners and amounts paid pursuant to § 1036, subsection 1."

Gross Slot Maine Income vs. Coin-in & Handle

Coin-in or handle is not income or revenue

Maine-

Gross slot machine income. "Gross slot machine income " means the total value of money, tokens, credits or similar objects or things of value used to actually play a slot machine.

Nevada-

Coin-In. "Coin-in" that accumulates the total value of all wagers, whether the wagered amount results from the insertion of coins, tokens, currency, deduction from a credit meter or any other means.

Gross Slot Maine Income vs. Coin-in & Handle

New Jersey- *Coin-in or handle is not income or revenue*

"Handle" means the total value of coins, slot tokens, including foreign slot tokens, currency, coupons, gaming vouchers and electronic credits invested by a patron to activate the play of a slot machine.

Mississippi-

Coin-in. "Coin-in" that accumulates the total value of all wagers, whether the wagered amount results from the insertion of coins, tokens, currency, deduction from a credit meter or any other means.

Correct Computation of Slot Revenue

$$\begin{array}{r} \text{Drop} \\ - \text{Payouts} \\ \hline \text{Revenue} \end{array}$$

Nevada-

Gross Revenue Computations. For each slot machine, gross revenue equals drop less fills to the machine and jackpot payouts.

New Jersey-

"Slot machine win" means the value determined by subtracting the cash payouts and gaming vouchers redeemed from the slot machine drop.

Mississippi-

For each slot machine, gross revenue equals drop less jackpot payouts and the actual cost to the license of any personal property provided for or distributed to a patron as winnings.

What is Drop?

Nevada-

"Drop" defined. For slot machines, the total amount of money, tokens, wagering vouchers contained in the drop box.

New Jersey-

"Slot machine drop" means the total value of coins, slot tokens and foreign slot tokens in a slot drop bucket or a slot drop box.

Mississippi-

"Drop" means: For slot machines, the total amount of currency, wagering vouchers, coins and tokens removed from the drop boxes.

What- Desired Outcome?

1. **Redefine Slot Revenue**
2. **Tax Slot Revenue at 48%**

Hollywood Slots at Bangor				Cumulative
				From 11/05/05
Gross Slot Machine Income (Coin-in)	A			1,038,626,763
Slot Machine Win				70,677,374
Admin Expenses Gambling Control Board	1%	A		10,386,268
Net Slot Machine Income	B			60,291,107
GCU Admin (inc gambling addiction)	3%	B		1,808,733
Supplement Harness Purses	10%	B		6,029,111
Sire Stakes Fund	3%	B		1,808,733
Agricultural support fund	3%	B		1,808,733
Healthy Maine	10%	B		6,029,111
UM Scholarship fund	2%	B		1,205,822
Maine Community College	1%	B		602,911
Encourage Racing at Maine Commercial Track	4%	B		2,411,644
Stabilize Off track Betting Facilities	2%	B		1,205,822
(down to 1% after 48 months)				
Host Municipalities - City of Bangor	1%	B		602,911
Total Tax	Tax			33,899,799
Tax %	% of Slot Machine Win			48%

Why- Make this change?

1. **Eliminates misperception that we make more money than we do.**
 - └ \$50 million vs. \$3 million per month
 - └ Easy target

Correct Inaccurate Definition of Income (Revenue)

- ┌ \$20 loss equals \$285 coin-in or handle
coin-in or handle \neq income (revenue)
- ┌ Net slot machine income \neq net income
- ┌ Should be revenue or win

Consistency with other Gaming Jurisdictions

- ┌ Maine is the only jurisdiction that has two definitions of income.
- ┌ No other jurisdiction deducts tax as part of income.

Current Formula too Complicated

└Media

└Legislators

└Analysts

How- Change Needed to Simplify

1. Eliminate definition of Gross Slot Machine Income and Net Slot Machine Income
2. Adopt Definition of Slot Machine Win
 - ┌ ***Slot Machine Drop minus Jackpot Payouts***
3. Tax Slot Machine Win at 48%
4. Allocate Based on Current Cascade

COMMITTEE TO REVIEW THE TAXATION
OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Meeting # 2 --
10/29/07

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-MEMBERSHIP LIST-

Name
John Sagaser, Chair
Sen. Bruce Bryant
Sen. Debra Plowman
Rep. Linda Valentino
Rep. Bonnie Gould
Rep. Patricia Blanchette
Peter Danton
Jon Johnson
Sebastian Sinclair
James Hanley
Dan Tremble

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

ESTABLISHED BY EXECUTIVE ORDER 33 FY 06/07

SECOND MEETING
MONDAY, OCTOBER 29, 2007

AGENDA

- I. Comments from the Chair
 - a. Call to order and review of summary of meeting #1 – *handout*
 - i. Committee purpose; recommendation report to Governor by 12/01/07
 - ii. Current Structure of Taxation and Revenue Sharing
 - iii. Jon Johnson Proposal
 - iv. Payback % variability; revenue neutrality
 - b. Meeting format and procedure
- II. Current Structure of Taxation and Revenue Sharing
 - a. Detail – *handout*
- III. Review of Jon Johnson Proposal
 - a. 48% SMW base and rate detail – *handout*
 - b. Revenue neutrality – in total and to statutory beneficiaries – *handout*
- IV. Options Comparison
 - a. Side by side comparison and other options – *handout*
 - b. Revenue neutral – in total and to statutory beneficiaries
 - c. Enhanced stability
 - d. Enhanced effectiveness
 - e. Simplification
- V. Planning for Future Meetings
 - a. Meeting #3 11/05/07
 - b. Meeting #4 11/19/07
 - c. Vote on recommendations and report
 - d. 12/01/07 report submitted
- VI. Adjourn

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Meeting Summaries --

Summary of Meeting #1

- 10/09/07 1-4 pm, Taxation Committee room
- 9 of 11 members present
- *Call to order*; discussion of Committee purpose
- Discussion of statutory beneficiaries—payments to, expenditures by
- Presentation by Bob Welch and Scott Woods of the GCB on the current structure and administration of Maine taxation of slot machine revenues and revenue sharing among statutory beneficiaries – two handouts
 - Committee questions and discussion
- Presentation by Committee member Jon Johnson, manager of the slot machine operator Hollywood Slots at Bangor – PowerPoint
 - Explanation of current taxation structure and business operations, comparison of terminology and tax base with other States
 - GSMI includes payback credits
 - Payback % controlled by operator; variable

- HOLLYWOOD SLOTS PROPOSAL: single, redefined tax base taxed at 48%
 - (1) redefine slot revenue
 - Eliminate current tax bases: GSMI and NSMI
 - Misperception – “easy target”; complexity; consistency
 - Replace with new tax base: SMW
 - Slot Machine Win = drop – payouts
 - (2) Tax SMW at 48%
 - 48% of new base = revenue neutrality with current tax structure
 - Data sheet: cumulative operations, taxation and tax revenue disbursements
 - (3) Maintain current statutory tax revenue allocation

-
- Committee questions and discussion: terminology, perceptions regarding GSMI, SMW 48% revenue neutrality, factors affecting payback %
- *Meeting concluded*

Title 8, Chapter 31, GAMBLING CONTROL BOARD
Subchapter 1: GENERAL PROVISIONS – current statute notated

<p>GSMI = Total w/credits used to play</p> <p>NSMI = Total w/credits used to play</p> <ul style="list-style-type: none"> - Payout w/credits - 1%GSMI 	<p>§1001. Definitions</p> <p>As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.</p> <p>21. Gross slot machine income. "Gross slot machine income" means the total value of money, tokens, <u>credits</u> or similar objects or things of value <i>used to actually play</i> a slot machine <u>before payback</u> is distributed to a player.</p> <p>29-A. Net slot machine income. "Net slot machine income" means money, tokens, <u>credits</u> or similar objects or things of value <i>used to play</i> a slot machine <u>minus money, credits or prizes paid out</u> to winners <u>and</u> amounts paid pursuant to section 1036, subsection 1.</p> <p>§1003. Powers and duties of board</p> <p>2. Duties. The board shall hire an executive director. The board or the director, as delegated by the board, shall hire staff and retain professional services that the board considers necessary to carry out its responsibilities. In addition, the board or the director or staff, as delegated by the board, shall:</p> <ul style="list-style-type: none"> P. <u>Collect all funds and taxes due to the State under sections 1018 and 1036;</u> Q. <u>Certify monthly</u> to the department a full and complete statement of all slot machine revenue, credits disbursed by licensees, administrative expenses and the allocation of slot machine income for the preceding month; R. <u>Submit by March 15th an annual report</u> to the Governor and the joint standing committee of the Legislature having jurisdiction over gambling affairs on slot machine revenue, credits disbursed by slot machine operators, administrative expenses and the allocation of slot machine income for the preceding year; <p>§1011. License to operate</p> <p>4. Requirement for license; agreement with municipality where slot machines are located. A slot machine operator shall enter into an agreement with the municipality where the slot machine operator's slot machines are located that provides for revenue sharing or other compensation, including, but not limited to, a provision requiring the preparation, in conjunction with the municipality, of a security plan for the premises on which the slot machines are located. The revenue-sharing agreement must provide for a minimum payment to the municipality of 3% of the net slot machine income derived from the machines located in the municipality.</p> <p>§1018. Fees; term of license or registration; nontransferability; vested rights</p> <p>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.</p> <p>§1036. Allocation of funds (CONFLICT)</p> <p>1. Distribution for administrative expenses of board. A slot machine operator 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.</p> <p>2. Distribution from commercial track. A slot machine operator shall collect and distribute 39% of the net slot machine income from slot machines operated by the slot</p>
<p>REV-SHARE AGREEMENT W/LOCALITY</p> <p>→ Min. 3% NSMI</p> <p>TAX & ALLOCATION</p> <ul style="list-style-type: none"> I. 1% GSMI II. 39% NSMI 	

<p>A. 3%</p> <p>B. 10%</p> <p>C. 3%</p> <p>D. 3%</p> <p>E. 10%</p> <p>F. 2%</p> <p>G. 1%</p> <p>H. 4% until...</p> <p>I. 2% → 1%/1%</p> <p>J. 1%</p> <p> = 39% NSMI</p>	<p>machine operator to the board for distribution by the board as follows:</p> <p>A. 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;</p> <p>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;</p> <p>C. Three percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281;</p> <p>D. (CONFLICT: Text as amended by PL 2005, c. 563, §10) Three percent of the total gross 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; [2005, c. 563, §10 (amd).]</p> <p>D. (CONFLICT: Text as amended by PL 2005, c. 663, §12) 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 77; [2005, c. 663, §12 (amd).]</p> <p>E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller to be credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E;</p> <p>F. Two 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;</p> <p>G. One 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;</p> <p>H. Four 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 to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter;</p> <p>I. Two 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 to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income from a licensed operator, the percent of net slot machine income forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection 1; and</p> <p>J. One percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located.</p>
<p>[end]</p>	

J. Johnson
10/07

Gaming Tax on Hollywood Slots
48% Tax vs. Current Tax Structure

		Paid Now				Recommended				
Year	Month	Gross Revenue	Net Revenue	1% Tax	39% Tax (1)	(A) Total	Effective Tax Rate	Slot Machine Win	(B) 48% Tax	(B) - (A) Difference
2005	November	28,545,431	1,973,086	285,454	658,176	943,630	47.8%	3,295,556	947,081	3,451
2005	December	31,725,323	2,187,332	317,253	729,331	1,046,584	47.8%	3,295,556	1,049,919	3,335
2006	January	35,454,252	2,403,996	354,542	799,286	1,153,828	48.0%	3,295,556	1,153,918	90
2006	February	38,819,884	2,647,472	388,198	881,116	1,269,314	47.9%	3,295,556	1,270,787	1,473
2006	March	45,819,324	3,046,252	458,193	1,009,343	1,467,536	48.2%	3,295,556	1,462,201	(5,335)
2006	April	43,918,903	2,930,983	439,189	971,799	1,410,988	48.1%	3,295,556	1,406,872	(4,116)
2006	May	45,273,922	2,987,968	452,739	988,739	1,441,478	48.2%	3,295,556	1,434,225	(7,253)
2006	June	47,837,397	3,129,970	478,373	1,034,122	1,512,495	48.3%	3,295,556	1,502,386	(10,109)
2006	July	51,712,352	3,525,459	517,123	1,173,250	1,690,373	47.9%	3,295,556	1,692,220	1,847
2006	August	50,123,634	3,339,684	501,236	1,106,994	1,608,230	48.2%	3,295,556	1,603,048	(5,182)
2006	September	51,087,410	3,453,831	510,874	1,147,753	1,658,627	48.0%	3,295,556	1,657,839	(788)
2006	October	53,785,591	3,449,314	537,855	1,135,468	1,673,323	48.5%	3,295,556	1,655,671	(17,652)
2006	November	51,386,173	3,440,927	513,861	1,141,555	1,655,416	48.1%	3,295,556	1,651,645	(3,771)
2006	December	49,029,290	3,161,258	490,292	1,041,676	1,531,968	48.5%	3,295,556	1,517,404	(14,564)
2007	January	48,800,672	3,295,556	488,006	1,094,944	1,582,950	48.0%	3,295,556	1,581,867	(1,083)
2007	February	49,342,936	3,247,716	493,429	1,074,171	1,567,600	48.3%	3,247,716	1,558,904	(8,696)
2007	March	56,294,760	3,821,850	562,947	1,270,971	1,833,918	48.0%	3,821,850	1,834,488	570
2007	April	49,017,280	3,672,401	490,172	1,241,069	1,731,241	47.1%	3,672,401	1,762,752	31,511
2007	May	51,142,568	3,566,177	511,425	1,191,353	1,702,778	47.7%	3,566,177	1,711,765	8,987
2007	June	48,170,924	3,568,666	481,709	1,203,913	1,685,622	47.2%	3,568,666	1,712,960	27,338
2007	July	56,538,970	3,958,974	565,389	1,323,498	1,888,887	47.7%	3,958,974	1,900,308	11,421
2007	August	54,770,324	3,873,008	547,703	1,296,869	1,844,572	47.6%	3,873,008	1,859,044	14,472
2007	September	52,876,178	3,955,510	528,761	1,336,432	1,865,193	47.2%	3,955,510	1,898,645	33,452
Total		1,091,473,498	74,637,390	10,914,723	24,851,828	35,766,551	47.9%	79,097,642	35,825,947	59,396

(1) 39% of Net - 1%

Revenue Forecasting Committee - May 2007 - Racino Revenue

GENERAL FUND REVENUE		2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
March 2007 Forecast - Revised General Fund Revenue		\$4,346,725	\$7,174,541	\$6,867,137	\$10,339,497	\$10,990,769	\$11,175,085
Incremental Effect of May 2007 Forecast			\$332,781	\$492,048	\$1,052,352	\$1,515,934	\$1,903,456
May 2007 Forecast - Revised General Fund Revenue		\$4,346,725	\$7,507,322	\$7,359,185	\$11,391,849	\$12,506,703	\$13,078,541

Detail of Current Revenue Forecast - Distribution of Total Slot Income

		2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Slot Income (Coin/Voucher In)	A	\$309,840,487	\$609,473,199	\$587,254,000	\$919,571,500	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$289,030,355	\$567,675,472	\$543,209,950	\$850,603,638	\$905,898,750	\$931,151,250
General Fund - Administration (1% of Gross Slot Income)	C 1.0%	\$3,098,405	\$6,094,732	\$5,872,540	\$9,195,715	\$9,793,500	\$10,066,500
"Net Slot Machine Income" (=A-B-C)		\$17,711,727	\$35,702,995	\$38,171,510	\$59,772,148	\$63,657,750	\$65,432,250
Licenseses' Share of "Net Slot Machine Income"	61.0%	\$10,804,153	\$21,778,827	\$23,284,621	\$36,461,010	\$38,831,228	\$39,913,673

Distribution of State Share of "Net Slot Machine Income"		39.0% 2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$531,352	\$1,071,090	\$1,145,145	\$1,793,164	\$1,909,733	\$1,962,968
General Fund (After 48 months - November 2009)	1.0%	\$0	\$0	\$0	\$0	\$408,720	\$654,323
Fund for Healthy Maine	10.0%	\$1,771,173	\$3,570,300	\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
University of Maine Scholarship Fund	2.0%	\$354,235	\$714,060	\$763,430	\$1,195,443	\$1,273,155	\$1,308,645
Maine Community College System - Scholarship Funds	1.0%	\$177,117	\$357,030	\$381,715	\$597,721	\$636,578	\$654,323
Resident Municipalities	1.0%	\$177,117	\$357,030	\$381,715	\$597,721	\$636,578	\$654,323
Purse Supplements	10.0%	\$1,771,173	\$3,570,300	\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
Sire Stakes Fund	3.0%	\$531,352	\$1,071,090	\$1,145,145	\$1,793,164	\$1,909,733	\$1,962,968
Fund to Encourage Racing at Commercial Tracks	4.0%	\$708,469	\$1,428,120	\$1,526,860	\$2,390,886	\$2,546,310	\$2,617,290
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$354,235	\$714,060	\$763,430	\$1,195,443	\$455,715	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0	\$0	\$0	\$0	\$408,720	\$654,323
Agricultural Fair Support Fund	3.0%	\$531,352	\$1,071,090	\$1,145,145	\$1,793,164	\$1,909,733	\$1,962,968

Details and Assumptions

Number of Machines	2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
July	0	475	479	479	1,000	1,000
August	0	475	479	1,000	1,000	1,000
September	0	475	479	1,000	1,000	1,000
October	0	475	479	1,000	1,000	1,000
November	475	475	479	1,000	1,000	1,000
December	475	477	479	1,000	1,000	1,000
January	475	479	479	1,000	1,000	1,000
February	475	479	479	1,000	1,000	1,000
March	475	479	479	1,000	1,000	1,000
April	475	479	479	1,000	1,000	1,000
May	475	479	479	1,000	1,000	1,000
June	475	479	479	1,000	1,000	1,000

Payback % Average for Month	2005-06 Actual	2006-07	2007-08	2008-09	2009-10	2010-11
July	0.00%	93.22%	92.50%	92.50%	92.50%	92.50%
August	0.00%	93.32%	92.50%	92.50%	92.50%	92.50%
September	0.00%	93.23%	92.50%	92.50%	92.50%	92.50%
October	0.00%	93.51%	92.50%	92.50%	92.50%	92.50%
November	93.05%	93.45%	92.50%	92.50%	92.50%	92.50%
December	93.19%	93.46%	92.50%	92.50%	92.50%	92.50%
January	93.08%	93.50%	92.50%	92.50%	92.50%	92.50%
February	93.26%	93.32%	92.50%	92.50%	92.50%	92.50%
March	93.26%	93.24%	92.50%	92.50%	92.50%	92.50%
April	93.29%	92.44%	92.50%	92.50%	92.50%	92.50%
May	93.44%	92.50%	92.50%	92.50%	92.50%	92.50%
June	93.52%	92.50%	92.50%	92.50%	92.50%	92.50%

Title 8, Chapter 31, GAMBLING CONTROL BOARD
Subchapter 1: GENERAL PROVISIONS – preliminary options

	CURRENT STATUTE	<u>Option #1</u>	<u>Option #2</u>	<u>Option #3</u>	<u>Option #4</u>
		No change	JJohnson One-tier Slot Machine Win and rate changes and new §1036(2)(K)	JWS <i>discussion only</i> Retain two-tier GSMI & NSMI but w/out e- credits and rate changes	??
TAX BASE	GSMI = Total w/credits used to play NSMI = Total w/credits used to play - Payout w/credits - 1%GSMI	No change	SMW Slot Machine Win	GSMI = Total used to play, <i>without e- credits</i> NSMI = Total used to play, <i>without e- credits</i> - Payout <i>without e- credits</i> - <u>X</u> %GSMI	
REV-SHARE AGREEMENT W/LOCALITY	REV-SHARE AGREEMENT W/LOCALITY → Min. 3% NSMI	No change	??	No change NSMI = NSMI under current statute	
TAX & ALLOCATION	TAX & ALLOCATION I. 1% GSMI II. 39% NSMI	No change	TAX & ALLOCATION I. 1% GSMI II. 39% NSMI 48% SMW	TAX & ALLOCATION I. X% GSMI II. Y% NSMI	

	A. 3% B. 10% C. 3% D. 3% E. 10% F. 2% G. 1% H. 4% until... I. 2% → 1%/1% J. 1% = 39% NSMI		A. X% B. X% C. X% D. X% E. X% F. X% G. X% H. X% I. X% J. X% K. X% for §1036(1) tax = 48% SMW	A. Z% B. Z% C. Z% D. Z% E. Z% F. Z% G. Z% H. Z% I. Z% J. Z% = Y% NSMI	
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REC'D
Hendart
RW

MEMORANDUM

To: Members of the Committee to Review The Taxation of Slot Machines
From: Robert Welch
Re: OTB Payout Percentage
Date: 10/15/07

I was not able to recall the correct percent reduction relating to OTB's under Title 8 Section 1036 at the last meeting of the Committee.

I reviewed the requirements under Section 1036 and found that OTB's will receive 2% of the net income from the Slot facility for 4 years, and then they will receive 1%. The other 1% after 4 years will be forwarded to the General Fund.

The 4 years will be up in November of 2009.



Robert P. Welch

COMMITTEE TO REVIEW THE TAXATION
OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Meeting # 3 --

11/05/07

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

—MEMBERSHIP LIST—

Name
John Sagaser, Chair
Sen. Bruce Bryant
Sen. Debra Plowman
Rep. Linda Valentino
Rep. Donald Marean
Rep. Patricia Blanchette
Peter Danton
Jon Johnson
Sebastian Sinclair
James Hanley
Dan Tremble
Daniel Stevenson

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

ESTABLISHED BY EXECUTIVE ORDER 33 FY 06/07

THIRD MEETING
MONDAY, NOVEMBER 5, 2007

AGENDA

- I. Comments from the Chair
 - a. Call to order and review of summary of meeting #2 – *handout*
 - b. Meeting format and procedure – *handout*
- II. Options Comparison and Discussion
 - a. Side by side comparison: GSMI/NSMI vs. 48% SMW – *corrected handout*
 - b. Side by side comparison: Options 1, 2 and 3 – *handout*
 - c. Payback % – *handout*
 - d. Draft statutory changes under option #3 – *handout*
 - e. Revenue neutral – in total and to statutory beneficiaries
 - f. Enhanced stability
 - g. Enhanced effectiveness
 - h. Simplification
- III. Presentation by Grant Pennoyer, Director, OFPR
 - a. Option #3 analysis
- IV. Planning for Future Meetings
 - a. Meeting #4 Monday 11/19/07
 - b. Vote on recommendations and report
 - c. 12/01/07 report submitted
- V. Adjourn

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Meeting Summaries --

Summary of Meeting #1

- 10/09/07 1-4 pm, Taxation Committee room
 - 9 of 11 members present
 - *Call to order*; discussion of Committee purpose
 - Discussion of statutory beneficiaries—payments to, expenditures by
 - Presentation by Bob Welch and Scott Woods of the GCB on the current structure and administration of Maine taxation of slot machine revenues and revenue sharing among statutory beneficiaries – two handouts
 - Committee questions and discussion
 - Presentation by Committee member Jon Johnson, manager of the slot machine operator Hollywood Slots at Bangor – PowerPoint
 - Explanation of current taxation structure and business operations, comparison of terminology and tax base with other States
 - GSMI includes payback credits
 - Payback % controlled by operator; variable
- HOLLYWOOD SLOTS PROPOSAL: single, redefined tax base taxed at 48%
 - (1) redefine slot revenue
 - Eliminate current tax bases: GSMI and NSMI
 - Misperception – “easy target”; complexity; consistency
 - Replace with new tax base: SMW
 - Slot Machine Win = drop – payouts
 - (2) Tax SMW at 48%
 - 48% of new base = revenue neutrality with current tax structure
 - Data sheet: cumulative operations, taxation and tax revenue disbursements
 - (3) Maintain current statutory tax revenue allocation
- - Committee questions and discussion: terminology, perceptions regarding GSMI, SMW 48% revenue neutrality, factors affecting payback %
 - *Meeting concluded*

Summary of Meeting #2

- 10/29/07 1-4 pm, Transportation Committee room
- 11 of 12 members present
- Review of summary of meeting #1
- Review of current structure (1% GSMI; 39% NSMI; revenue disbursements)
- Review min. 3% NSMI Rev-Share agreement with locality
- Review of options #1,2,3 and others – discussion and comments from Bob Welch (GCB) and Grant Pennoyer (OFPR)
 - Option #1 – no change for now
 - Option #2 – 48% tax vs. current tax: one-tier
 - Option #3 – 48% tax vs. current tax: two-tier
 - revenue neutrality – payback % variability; revenue forecast and adjustments
 - past comparison
 - past and current budget cycle
 - past, current and future
 - current and future – revenue forecast vs. separate evaluation of variability
 - magnitude of variability
- *Meeting concluded*

Gaming Tax on Hollywood Slots
48% Tax vs. Current Tax Structure

Paid Now						Recommended				
Year	Month	Gross Revenue	Net Revenue	1% Tax	39% Tax (1)	(A) Total	Effective Tax Rate	Slot Machine Win	(B) 48% Tax	(B) - (A) Difference
2005	November	28,545,431	1,973,086	285,454	658,176	943,630	47.8%	1,973,086	947,081	3,451
2005	December	31,725,323	2,187,332	317,253	729,331	1,046,584	47.8%	2,187,332	1,049,919	3,335
2006	January	35,454,252	2,403,996	354,542	799,286	1,153,828	48.0%	2,403,996	1,153,918	90
2006	February	38,819,884	2,647,472	388,198	881,116	1,269,314	47.9%	2,647,472	1,270,787	1,473
2006	March	45,819,324	3,046,252	458,193	1,009,343	1,467,536	48.2%	3,046,252	1,462,201	(5,335)
2006	April	43,918,903	2,930,983	439,189	971,799	1,410,988	48.1%	2,930,983	1,406,872	(4,116)
2006	May	45,273,922	2,987,968	452,739	988,739	1,441,478	48.2%	2,987,968	1,434,225	(7,253)
2006	June	47,837,397	3,129,970	478,373	1,034,122	1,512,495	48.3%	3,129,970	1,502,386	(10,109)
2006	July	51,712,352	3,525,459	517,123	1,173,250	1,690,373	47.9%	3,525,459	1,692,220	1,847
2006	August	50,123,634	3,339,684	501,236	1,106,994	1,608,230	48.2%	3,339,684	1,603,048	(5,182)
2006	September	51,087,410	3,453,831	510,874	1,147,753	1,658,627	48.0%	3,453,831	1,657,839	(788)
2006	October	53,785,591	3,449,314	537,855	1,135,468	1,673,323	48.5%	3,449,314	1,655,671	(17,652)
2006	November	51,386,173	3,440,927	513,861	1,141,555	1,655,416	48.1%	3,440,927	1,651,645	(3,771)
2006	December	49,029,290	3,161,258	490,292	1,041,676	1,531,968	48.5%	3,161,258	1,517,404	(14,564)
2007	January	48,800,672	3,295,556	488,006	1,094,944	1,582,950	48.0%	3,295,556	1,581,867	(1,083)
2007	February	49,342,936	3,247,716	493,429	1,074,171	1,567,600	48.3%	3,247,716	1,558,904	(8,696)
2007	March	56,294,760	3,821,850	562,947	1,270,971	1,833,918	48.0%	3,821,850	1,834,488	570
2007	April	49,017,280	3,672,401	490,172	1,241,069	1,731,241	47.1%	3,672,401	1,762,752	31,511
2007	May	51,142,568	3,566,177	511,425	1,191,353	1,702,778	47.7%	3,566,177	1,711,765	8,987
2007	June	48,170,924	3,568,666	481,709	1,203,913	1,685,622	47.2%	3,568,666	1,712,960	27,338
2007	July	56,538,970	3,958,974	565,389	1,323,498	1,888,887	47.7%	3,958,974	1,900,308	11,421
2007	August	54,770,324	3,873,008	547,703	1,296,869	1,844,572	47.6%	3,873,008	1,859,044	14,472
2007	September	52,876,178	3,955,510	528,761	1,336,432	1,865,193	47.2%	3,955,510	1,898,645	33,452
Total		1,091,473,498	74,637,390	10,914,723	24,851,828	35,766,551	47.9%	74,637,390	35,825,947	59,396

(1) 39% of Net - 1%

Gaming Tax on Hollywood Slots
48% Tax vs. Current Tax Structure

Current Method										48%		Option 3			
Year	Month	Gross Revenue	Net Revenue	1% Tax	39% Tax (1)	(A) Total	Effective Tax Rate	Slot Machine Win	(B) 48% Tax	(B) - (A) Difference		Admin Tax	39% Tax	Total Tax	© - (A) Difference
2005	November	28,545,431	1,973,086	285,454	658,176	943,630	47.8%	1,973,086	947,081	3,451		288,071	657,156	945,227	1,597
2005	December	31,725,323	2,187,332	317,253	729,331	1,046,584	47.8%	2,187,332	1,049,919	3,335		319,350	728,513	1,047,863	1,279
2006	January	35,454,252	2,403,996	354,542	799,286	1,153,828	48.0%	2,403,996	1,153,918	90		350,983	800,675	1,151,658	(2,170)
2006	February	38,819,884	2,647,472	388,198	881,116	1,269,314	47.9%	2,647,472	1,270,787	1,473		386,531	881,767	1,268,298	(1,016)
2006	March	45,819,324	3,046,252	458,193	1,009,343	1,467,536	48.2%	3,046,252	1,462,201	(5,335)		444,753	1,014,585	1,459,337	(8,199)
2006	April	43,918,903	2,930,983	439,189	971,799	1,410,988	48.1%	2,930,983	1,406,872	(4,116)		427,924	976,193	1,404,117	(6,871)
2006	May	45,273,922	2,987,968	452,739	988,739	1,441,478	48.2%	2,987,968	1,434,225	(7,253)		436,243	995,173	1,431,416	(10,062)
2006	June	47,837,397	3,129,970	478,373	1,034,122	1,512,495	48.3%	3,129,970	1,502,386	(10,109)		456,976	1,042,468	1,499,443	(13,052)
2006	July	51,712,352	3,525,459	517,123	1,173,250	1,690,373	47.9%	3,525,459	1,692,220	1,847		514,717	1,174,189	1,688,906	(1,467)
2006	August	50,123,634	3,339,684	501,236	1,106,994	1,608,230	48.2%	3,339,684	1,603,048	(5,182)		487,594	1,112,315	1,599,909	(8,321)
2006	September	51,087,410	3,453,831	510,874	1,147,753	1,658,627	48.0%	3,453,831	1,657,839	(788)		504,259	1,150,333	1,654,592	(4,035)
2006	October	53,785,591	3,449,314	537,855	1,135,468	1,673,323	48.5%	3,449,314	1,655,671	(17,652)		503,600	1,148,829	1,652,428	(20,895)
2006	November	51,386,173	3,440,927	513,861	1,141,555	1,655,416	48.1%	3,440,927	1,651,645	(3,771)		502,375	1,146,035	1,648,410	(7,006)
2006	December	49,029,290	3,161,258	490,292	1,041,676	1,531,968	48.5%	3,161,258	1,517,404	(14,564)		461,544	1,052,889	1,514,432	(17,536)
2007	January	48,800,672	3,295,556	488,006	1,094,944	1,582,950	48.0%	3,295,556	1,581,867	(1,083)		481,151	1,097,618	1,578,769	(4,181)
2007	February	49,342,936	3,247,716	493,429	1,074,171	1,567,600	48.3%	3,247,716	1,558,904	(8,696)		474,167	1,081,684	1,555,851	(11,749)
2007	March	56,294,760	3,821,850	562,947	1,270,971	1,833,918	48.0%	3,821,850	1,834,488	570		557,990	1,272,905	1,830,895	(3,023)
2007	April	49,017,280	3,672,401	490,172	1,241,069	1,731,241	47.1%	3,672,401	1,762,752	31,511		536,171	1,223,130	1,759,300	28,059
2007	May	51,142,568	3,566,177	511,425	1,191,353	1,702,778	47.7%	3,566,177	1,711,765	8,987		520,662	1,187,751	1,708,413	5,635
2007	June	48,170,924	3,568,666	481,709	1,203,913	1,685,622	47.2%	3,568,666	1,712,960	27,338		521,025	1,188,580	1,709,605	23,983
2007	July	56,538,970	3,958,974	565,389	1,323,498	1,888,887	47.7%	3,958,974	1,900,308	11,421		578,010	1,318,576	1,896,586	7,699
2007	August	54,770,324	3,873,008	547,703	1,296,869	1,844,572	47.6%	3,873,008	1,859,044	14,472		565,459	1,289,944	1,855,403	10,831
2007	September	52,876,178	3,955,510	528,761	1,336,432	1,865,193	47.2%	3,955,510	1,898,645	33,452		577,504	1,317,422	1,894,927	29,734
Total		1,091,473,498	74,637,390	10,914,723	24,851,828	35,766,551	47.9%	74,637,390	35,825,947	59,396		10,897,059	24,858,729	35,755,788	(10,763)
				14.6%	33.3%	47.9%									

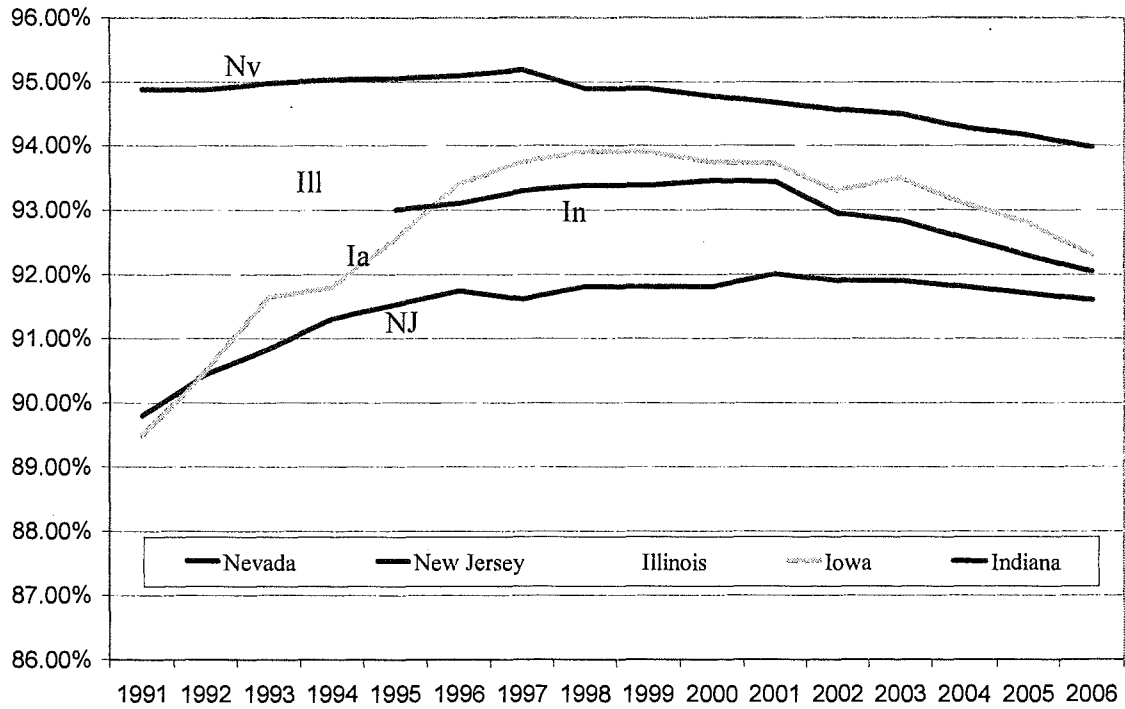
(1) 39% of Net - 1%

Current Method This is the current of computing and paying the taxes.

48% This represents a flat tax of 48% on slot machine win.

Option 3 This represents 14.6% on slot machine win for the admin tax (versus 1% on Coin in), then deducts this admin tax from slot machine win for applying the 39% tax for the cascade beneficiaries.

Slot Payout Percentages for Selected States, 1991-2006



Source: Christiansen Capital Advisors, LLC, State Regulatory Agencies

Title 8, Chapter 31, GAMBLING CONTROL BOARD

Subchapter 1: GENERAL PROVISIONS – option #3 revisions to current statute *JWS discussion only*

<p>Gross Gaming Revenue</p> <p>Adjusted Gross Gaming Revenue</p>	<p>§1001. Definitions</p> <p>As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.</p> <p>21. Gross slot machine income Gross Gaming Revenue. "<u>Gross gaming revenue slot machine income</u>" means the total value of money, tokens, credits vouchers or similar objects or things of value <u>deposited into and</u> used to actually play a slot machine before payback is distributed to a player minus money, credits or prizes won and paid out to winners. <u>Gross gaming revenue does not include electronic credits won on a slot machine but not redeemed.</u></p>
<p>REV-SHARE AGREEMENT W/LOCALITY</p>	<p>29-A. Net slot machine income Adjusted Gross Gaming Revenue. "<u>Net slot machine income</u>" "<u>Adjusted gross gaming revenue</u>" means gross gaming revenue money, tokens, credits or similar objects or things of value used to play a slot machine minus money, credits or prizes paid out to winners and amounts paid pursuant to section 1036, subsection 1.</p> <p>§1011. License to operate</p> <p>4. Requirement for license; agreement with municipality where slot machines are located. A slot machine operator shall enter into an agreement with the municipality where the slot machine operator's slot machines are located that provides for revenue sharing or other compensation, including, but not limited to, a provision requiring the preparation, in conjunction with the municipality, of a security plan for the premises on which the slot machines are located. The revenue-sharing agreement must provide for a minimum payment to the municipality of 3% of the net slot machine income <u>adjusted gross gaming revenue</u> derived from the machines located in the municipality.</p>
<p>→ Min. 3% AGGR</p>	<p>§1018. Fees; term of license or registration; nontransferability; vested rights</p> <p>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.</p> <p>§1036. Allocation of funds (CONFLICT)</p>
<p>TAX & ALLOCATION</p> <p>I. 1% GGR</p> <p>II. 39% AGGR</p> <p>A. 3%</p> <p>B. 10%</p> <p>C. 3%</p>	<p>1. Distribution for administrative expenses of board. A slot machine operator shall collect and distribute 10% X % of <u>gross gaming revenue</u> slot machine income to the Treasurer of State for deposit in the General Fund for the administrative expenses of the board.</p> <p>2. Distribution from commercial track. A slot machine operator shall collect and distribute 39% of the <u>adjusted gross gaming revenue</u> net slot machine income from slot machines operated by the slot machine operator to the board for distribution by the board as follows:</p> <p>A. 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;</p> <p>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;</p> <p>C. Three percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281;</p>

<p>D. 3%</p> <p>E. 10%</p> <p>F. 2%</p> <p>G. 1%</p> <p>H. 4% until...</p> <p>I. 2% → 1%/1%</p> <p>J. 1%</p> <p> = 39% AGGR</p>	<p>D. (CONFLICT: Text as amended by PL 2005, c. 563, §10) Three percent of the total gross 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; [2005, c. 563, §10 (amd).]</p> <p>D. (CONFLICT: Text as amended by PL 2005, c. 663, §12) 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 77; [2005, c. 663, §12 (amd).]</p> <p>E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller to be credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E;</p> <p>F. Two 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;</p> <p>G. One 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;</p> <p>H. Four 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 to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter;</p> <p>I. Two 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 to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income from a licensed operator, the percent of net slot machine income forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection 1; and</p> <p>J. One percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located.</p>
<p>[end]</p>	

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Handout

GP Handout

Week Ending	Calculated Gross 1% GF Share of					Calculated "Net					Daily Total		Calculated State Tax	48% Tax on SMW vs. Actual Tax
	Slot Income "Coin In"	Gross Slot Income	39% Share of Net Terminal Income	3% GF of 39%	10% FHM of 39%	Slot Machine Income"	Payout Factor	# of Slots	# of Days	Income Per Machine	Calculated Player Payout	Slot Machine Win (SMW)	% of SMW	
11/6	\$4,325,958	\$43,259.58	\$104,693.93	\$8,053.38	\$26,844.60	268,445.97	92.79%	475	5	1,821.46	\$4,014,252	\$311,705.55	47.47%	\$1,665.15
11/13	\$8,203,762	\$82,037.62	\$173,456.16	\$13,342.78	\$44,475.94	444,759.38	93.58%	475	7	2,467.30	\$7,676,965	\$526,797.00	48.50%	(\$2,631.22)
11/20	\$6,886,062	\$68,860.62	\$161,893.01	\$12,453.31	\$41,511.03	415,110.28	92.97%	475	7	2,071.00	\$6,402,091	\$483,970.90	47.68%	\$1,552.40
11/27	\$6,937,839	\$69,378.39	\$171,671.40	\$13,205.49	\$44,018.31	440,183.08	92.66%	475	7	2,086.57	\$6,428,278	\$509,561.47	47.31%	\$3,539.72
Nov '05 Total	\$26,353,621	\$263,536.21	\$611,714.50	\$47,054.96	\$156,849.88	1,568,498.72	93.05%	475	26	2,133.90	\$24,521,586	\$1,832,034.92	47.77%	\$4,126.05
12/4	\$6,624,410	\$66,244.11	\$163,761.02	\$12,597.00	\$41,990.01	419,900.05	92.66%	475	7	1,992.30	\$6,138,266	\$486,144.16	47.31%	\$3,344.07
12/11	\$6,587,350	\$65,873.50	\$140,686.06	\$10,822.00	\$36,073.35	360,733.49	93.52%	475	7	1,981.16	\$6,160,743	\$426,606.99	48.42%	(\$1,788.20)
12/18	\$6,632,000	\$66,320.00	\$130,361.01	\$10,027.77	\$33,425.90	334,259.00	93.96%	475	7	1,994.59	\$6,231,421	\$400,579.00	49.10%	(\$4,403.09)
12/25	\$5,836,417	\$58,364.18	\$146,624.46	\$11,278.80	\$37,596.02	375,960.15	92.56%	475	6	2,047.87	\$5,402,093	\$434,324.33	47.20%	\$3,487.04
Dec '05 Total	\$25,680,177	\$256,801.79	\$581,432.55	\$44,725.57	\$149,085.28	1,490,852.69	93.19%	475	27	2,002.35	\$23,932,523	\$1,747,654.48	47.96%	\$639.81
1/1	\$9,516,043	\$95,160.43	\$209,511.04	\$16,116.23	\$53,720.78	537,207.79	93.35%	475	7	2,861.97	\$8,883,675	\$632,368.22	48.18%	(\$1,134.72)
1/8	\$8,283,530	\$82,835.31	\$181,889.06	\$13,991.47	\$46,638.22	466,382.21	93.37%	475	7	2,491.29	\$7,734,312	\$549,217.52	48.20%	(\$1,099.96)
1/15	\$7,629,533	\$76,295.33	\$165,529.99	\$12,733.08	\$42,443.59	424,435.87	93.44%	475	7	2,294.60	\$7,128,802	\$500,731.20	48.29%	(\$1,474.34)
1/22	\$8,422,790	\$84,227.90	\$217,587.85	\$16,737.53	\$55,791.76	557,917.56	92.38%	475	7	2,533.17	\$7,780,645	\$642,145.46	47.00%	\$6,414.07
1/29	\$8,202,849	\$82,028.49	\$195,962.80	\$15,074.06	\$50,246.87	502,468.72	92.87%	475	7	2,467.02	\$7,618,352	\$584,497.21	47.56%	\$2,567.37
Jan '06 Total	\$42,054,745	\$420,547.46	\$970,480.74	\$74,652.37	\$248,841.22	2,488,412.15	93.08%	475	35	2,529.61	\$39,145,785	\$2,908,959.61	47.82%	\$5,272.41
2/5	\$8,608,941	\$86,089.41	\$202,732.44	\$15,594.80	\$51,982.68	519,826.77	92.96%	475	7	2,589.16	\$8,003,025	\$605,916.18	47.67%	\$2,017.92
2/12	\$8,960,435	\$89,604.35	\$198,095.33	\$15,238.10	\$50,793.67	507,936.74	93.33%	475	7	2,694.87	\$8,362,894	\$597,541.09	48.15%	(\$879.96)
2/19	\$10,321,376	\$103,213.76	\$234,238.78	\$18,018.37	\$60,061.23	600,612.26	93.18%	475	7	3,104.17	\$9,617,550	\$703,826.02	47.95%	\$383.95
2/26	\$10,161,812	\$101,618.12	\$217,019.42	\$16,693.80	\$55,646.01	556,460.05	93.52%	475	7	3,056.18	\$9,503,734	\$658,078.17	48.42%	(\$2,760.02)
Feb '06 Total	\$38,052,564	\$380,525.64	\$852,085.97	\$65,545.07	\$218,483.59	2,184,835.82	93.26%	475	28	2,861.10	\$35,487,203	\$2,565,361.46	48.05%	(\$1,238.11)
3/4	\$10,448,337	\$104,483.37	\$246,065.68	\$18,928.13	\$63,093.76	630,937.64	92.96%	475	7	3,142.36	\$9,712,916	\$735,421.01	47.67%	\$2,453.03
3/11	\$10,280,143	\$102,801.43	\$213,322.79	\$16,409.45	\$54,698.15	546,981.51	93.68%	475	7	3,091.77	\$9,630,360	\$649,782.94	48.65%	(\$4,228.41)
3/18	\$10,358,491	\$103,584.91	\$237,492.94	\$18,268.69	\$60,895.63	608,956.26	93.12%	475	7	3,115.34	\$9,645,950	\$712,541.17	47.87%	\$941.91
3/25	\$10,130,907	\$101,309.07	\$225,418.62	\$17,339.89	\$57,799.65	577,996.46	93.29%	475	7	3,046.89	\$9,451,601	\$679,305.53	48.10%	(\$661.04)
Mar '06 Total	\$41,217,878	\$412,178.78	\$922,300.03	\$70,946.16	\$236,487.19	2,364,871.87	93.26%	475	28	3,099.09	\$38,440,827	\$2,777,050.65	48.05%	(\$1,494.50)
4/1	\$10,247,506	\$102,475.06	\$213,356.75	\$16,412.06	\$54,706.86	547,068.59	93.66%	475	7	3,081.96	\$9,597,962	\$649,543.65	48.62%	(\$4,050.86)
4/8	\$10,154,523	\$101,545.23	\$211,076.67	\$16,236.67	\$54,122.22	541,222.23	93.67%	475	7	3,053.99	\$9,511,756	\$642,767.46	48.64%	(\$4,093.52)
4/15	\$8,593,003	\$85,930.03	\$189,444.99	\$14,572.69	\$48,575.64	485,756.38	93.35%	475	7	2,584.36	\$8,021,317	\$571,686.41	48.17%	(\$965.54)
4/22	\$11,345,420	\$113,454.20	\$284,959.45	\$21,919.96	\$73,066.53	730,665.26	92.56%	475	6	3,980.85	\$10,501,301	\$844,119.46	47.20%	\$6,763.69
April '06 Total	\$40,340,452	\$403,404.52	\$898,837.86	\$69,141.38	\$230,471.25	2,304,712.46	93.29%	475	27	3,145.45	\$37,632,335	\$2,708,116.98	48.09%	(\$2,346.23)
4/29	\$10,583,682	\$105,836.82	\$212,202.64	\$16,323.28	\$54,410.93	544,109.33	93.86%	475	7	3,183.06	\$9,933,736	\$649,946.15	48.93%	(\$6,065.31)
5/6	\$10,208,195	\$102,081.95	\$253,162.91	\$19,474.07	\$64,913.57	649,135.67	92.64%	475	7	3,070.13	\$9,456,977	\$751,217.62	47.29%	\$5,339.60
5/13	\$10,416,626	\$104,166.26	\$221,786.42	\$17,060.49	\$56,868.31	568,683.13	93.54%	475	7	3,132.82	\$9,743,777	\$672,849.39	48.44%	(\$2,984.97)
5/20	\$11,192,857	\$111,928.57	\$219,919.54	\$16,916.89	\$56,389.63	563,896.26	93.96%	475	7	3,366.27	\$10,517,032	\$675,824.83	49.10%	(\$7,452.19)
5/27	\$10,061,753	\$100,617.53	\$229,702.60	\$17,669.43	\$58,898.10	588,981.03	93.15%	475	7	3,026.09	\$9,372,154	\$689,598.56	47.90%	\$687.18
May '06 Total	\$52,463,113	\$524,631.13	\$1,136,774.11	\$87,444.16	\$291,480.54	2,914,805.41	93.44%	475	35	3,155.68	\$49,023,676	\$3,439,436.55	48.30%	(\$10,475.70)
6/3	\$11,417,414	\$114,174.14	\$244,521.74	\$18,809.36	\$62,697.88	626,978.82	93.51%	475	7	3,433.81	\$10,676,261	\$741,152.96	48.40%	(\$2,942.46)
6/10	\$11,731,977	\$117,319.77	\$278,568.19	\$21,428.32	\$71,427.74	714,277.41	92.91%	475	7	3,528.41	\$10,900,380	\$831,597.18	47.61%	\$3,278.69
6/17	\$10,008,774	\$100,087.74	\$183,089.93	\$14,083.84	\$46,946.14	469,461.36	94.31%	475	7	3,010.16	\$9,439,225	\$569,549.10	49.72%	(\$9,794.10)
6/24	\$10,519,772	\$105,197.72	\$227,767.81	\$17,520.60	\$58,402.00	584,020.03	93.45%	475	7	3,163.84	\$9,830,554	\$689,217.75	48.31%	(\$2,141.01)
June '06 Total	\$43,677,937	\$436,779.37	\$933,947.67	\$71,842.12	\$239,473.76	2,394,737.62	93.52%	475	28	3,284.06	\$40,846,420	\$2,831,516.99	48.41%	(\$11,598.88)
FY06 Total	\$309,840,487	\$3,098,404.90	\$6,907,573.43	\$531,351.79	\$1,771,172.71	\$17,711,726.74	93.28%				\$289,030,355	\$20,810,131.64	48.08%	(\$17,115.14)

	Calculated Gross		1% GF Share of		39% Share of Net		10% FHM of		Calculated "Net		Daily Total		Ca. State Tax		48% Tax on	
Week Ending	Slot Income "Coin In"	Gross Slot Income	3% GF of 39%	Terminal Income	3% GF of 39%	39%	Slot Machine Income"	Payout Factor	# of Slots	# of Days	Income Per Machine	Calculated Player Payout	Slot Machine Win (SMW)	% of SMW	SMW vs. Actual Tax	
7/1	\$11,220,782	\$112,207.82	\$255,937.59	\$19,687.51	\$65,625.02	656,250.23	93.15%	475	7	3,374.67	\$10,452,324	\$768,458.05	47.91%	\$714.45		
7/8	\$12,119,909	\$121,199.09	\$262,430.96	\$20,187.00	\$67,289.99	672,899.90	93.45%	475	7	3,645.09	\$11,325,810	\$794,098.99	48.31%	(\$2,462.53)		
7/15	\$11,327,331	\$113,273.31	\$243,674.91	\$18,744.22	\$62,480.75	624,807.46	93.48%	475	7	3,406.72	\$10,589,250	\$738,080.77	48.36%	(\$2,669.45)		
7/22	\$12,080,385	\$120,803.85	\$298,639.84	\$22,972.30	\$76,574.32	765,743.18	92.66%	475	7	3,633.20	\$11,193,838	\$886,547.03	47.31%	\$6,098.88		
7/29	\$11,251,875	\$112,518.75	\$246,959.51	\$18,996.89	\$63,322.95	633,229.51	93.37%	475	7	3,384.02	\$10,506,127	\$745,748.26	48.20%	(\$1,519.10)		
July '06 Total	\$58,000,282	\$580,002.82	\$1,307,642.81	\$100,587.92	\$335,293.03	3,352,930.28	93.22%	475	35	3,488.74	\$54,067,349	\$3,932,933.10	48.00%	\$162.26		
8/5	\$11,919,291	\$119,192.91	\$264,095.41	\$20,315.03	\$67,716.77	677,167.72	93.32%	475	7	3,584.75	\$11,122,930	\$796,360.63	48.13%	(\$1,035.22)		
8/12	\$11,088,819	\$110,888.19	\$247,257.56	\$19,019.81	\$63,399.37	633,993.74	93.28%	475	7	3,334.98	\$10,343,937	\$744,881.93	48.08%	(\$802.42)		
8/19	\$11,294,518	\$112,945.18	\$253,140.92	\$19,472.38	\$64,907.93	649,079.28	93.25%	475	7	3,396.85	\$10,532,494	\$762,024.46	48.04%	(\$314.36)		
8/26	\$11,380,666	\$113,806.66	\$246,688.62	\$18,976.05	\$63,253.49	632,534.92	93.44%	475	7	3,422.76	\$10,634,324	\$746,341.58	48.30%	(\$2,251.32)		
Aug '06 Total	\$45,683,294	\$456,832.94	\$1,011,182.51	\$77,783.27	\$259,277.56	2,592,775.67	93.32%	475	28	3,434.83	\$42,633,685	\$3,049,608.60	48.14%	(\$4,203.32)		
9/6	\$15,615,421	\$156,154.21	\$332,705.30	\$25,929.72	\$85,309.05	853,090.51	93.54%	475	9	3,652.73	\$14,606,176	\$1,009,244.72	48.44%	(\$4,422.04)		
9/13	\$11,289,497	\$112,894.97	\$286,641.71	\$22,049.36	\$73,497.87	734,978.74	92.49%	475	7	3,395.34	\$10,441,623	\$847,873.71	47.12%	\$7,442.70		
9/20	\$11,182,407	\$111,824.07	\$243,665.42	\$18,743.49	\$62,478.31	624,783.13	93.41%	475	7	3,363.13	\$10,445,800	\$736,607.20	48.26%	(\$1,918.03)		
9/27	\$11,409,435	\$114,094.35	\$250,398.14	\$19,261.40	\$64,204.65	642,046.51	93.37%	475	7	3,431.41	\$10,653,294	\$756,140.86	48.20%	(\$1,544.88)		
Sept '06 Total	\$49,496,760	\$494,967.60	\$1,113,410.57	\$85,646.97	\$285,489.88	2,854,898.90	93.23%	475	30	3,473.46	\$46,146,894	\$3,349,866.49	48.01%	(\$442.25)		
10/3	\$11,721,723	\$117,217.23	\$252,767.00	\$19,443.62	\$64,812.05	648,120.51	93.47%	475	7	3,525.33	\$10,956,385	\$765,337.74	48.34%	(\$2,622.11)		
10/10	\$12,405,559	\$124,055.59	\$282,933.24	\$21,764.10	\$72,546.98	725,469.85	93.15%	475	7	3,731.00	\$11,556,034	\$849,525.44	47.91%	\$783.38		
10/17	\$12,489,982	\$124,899.82	\$272,497.09	\$20,961.31	\$69,871.05	698,710.49	93.41%	475	7	3,756.39	\$11,666,372	\$823,610.31	48.25%	(\$2,063.96)		
10/24	\$12,569,143	\$125,691.43	\$244,832.07	\$18,833.24	\$62,777.45	627,774.54	94.01%	475	7	3,780.19	\$11,815,677	\$753,465.97	49.18%	(\$8,859.83)		
Oct '06 Total	\$49,186,407	\$491,864.07	\$1,053,029.40	\$81,002.27	\$270,007.53	2,700,075.38	93.51%	475	28	3,698.23	\$45,994,468	\$3,191,939.46	48.40%	(\$12,762.53)		
10/31	\$11,896,196	\$118,961.96	\$242,545.35	\$18,657.33	\$62,191.12	621,911.15	93.77%	475	7	3,577.80	\$11,155,323	\$740,873.11	48.79%	(\$5,888.22)		
11/7	\$12,864,585	\$128,645.85	\$300,014.17	\$23,078.01	\$76,926.71	769,267.10	93.02%	475	7	3,869.05	\$11,966,672	\$897,912.95	47.74%	\$2,338.20		
11/14	\$13,326,212	\$133,262.12	\$293,194.28	\$22,553.41	\$75,178.02	751,780.21	93.36%	475	7	4,007.88	\$12,441,170	\$885,042.33	48.18%	(\$1,636.08)		
11/21	\$11,424,523	\$114,245.23	\$236,711.98	\$18,208.61	\$60,695.38	606,953.79	93.69%	475	7	3,435.95	\$10,703,324	\$721,199.02	48.66%	(\$4,781.68)		
Nov '06 Total	\$49,511,516	\$495,115.16	\$1,072,465.78	\$82,497.36	\$274,991.23	2,749,912.26	93.45%	475	28	3,722.67	\$46,266,489	\$3,245,027.41	48.31%	(\$9,967.78)		
11/28	\$10,957,641	\$109,576.41	\$240,071.60	\$18,467.05	\$61,556.82	615,568.21	93.38%	475	7	3,295.53	\$10,232,496	\$725,144.62	48.22%	(\$1,578.59)		
12/5	\$10,773,122	\$107,731.22	\$234,057.81	\$18,004.45	\$60,014.82	600,148.23	93.43%	475	7	3,240.04	\$10,065,243	\$707,879.45	48.28%	(\$2,006.89)		
12/12	\$9,318,840	\$93,188.40	\$204,621.79	\$15,740.14	\$52,467.13	524,671.26	93.37%	475	7	2,802.66	\$8,700,980	\$617,859.66	48.20%	(\$1,237.55)		
12/19	\$10,847,283	\$108,472.83	\$219,086.26	\$16,852.79	\$56,175.96	561,759.64	93.82%	479	7	3,235.10	\$10,177,051	\$670,232.47	48.87%	(\$5,847.50)		
12/26	\$9,747,714	\$97,477.14	\$217,957.55	\$16,765.97	\$55,886.55	558,865.51	93.27%	479	6	3,391.69	\$9,091,371	\$656,342.65	48.06%	(\$390.22)		
Dec '06 Total	\$51,644,600	\$516,446.00	\$1,115,795.01	\$85,830.40	\$286,101.28	2,861,012.85	93.46%	477	34	3,187.07	\$48,267,141	\$3,377,458.85	48.33%	(\$11,060.76)		
1/2	\$13,427,532	\$134,275.32	\$296,449.89	\$22,803.84	\$76,012.79	760,127.92	93.34%	479	7	4,004.63	\$12,533,129	\$894,403.24	48.16%	(\$1,411.65)		
1/9	\$11,844,954	\$118,449.54	\$243,295.96	\$18,715.07	\$62,383.58	623,835.79	93.73%	479	7	3,532.64	\$11,102,669	\$742,285.33	48.73%	(\$5,448.54)		
1/16	\$10,395,422	\$103,954.22	\$222,804.47	\$17,138.81	\$57,129.35	571,293.51	93.50%	479	7	3,100.33	\$9,720,174	\$675,247.73	48.39%	(\$2,639.78)		
1/23	\$10,468,364	\$104,683.64	\$226,534.47	\$17,425.73	\$58,085.76	580,857.62	93.45%	479	7	3,122.09	\$9,782,823	\$685,541.26	48.31%	(\$2,158.31)		
Jan '07 Total	\$46,136,272	\$461,362.72	\$989,084.79	\$76,083.45	\$253,611.48	2,536,114.85	93.50%	479	28	3,439.92	\$43,138,794	\$2,997,477.56	48.39%	(\$11,658.28)		
1/30	\$12,270,719	\$122,707.19	\$297,931.13	\$22,917.78	\$76,392.60	763,925.97	92.77%	479	7	3,659.62	\$11,384,086	\$886,633.16	47.44%	\$4,945.60		
2/6	\$11,655,672	\$116,556.72	\$252,051.65	\$19,388.59	\$64,628.63	646,286.28	93.46%	479	7	3,476.19	\$10,892,829	\$762,843.00	48.32%	(\$2,443.73)		
2/13	\$13,453,096	\$134,530.96	\$282,253.56	\$21,711.81	\$72,372.71	723,727.08	93.62%	479	7	4,012.26	\$12,594,838	\$858,258.04	48.56%	(\$4,820.66)		
2/20	\$11,508,571	\$115,085.71	\$250,621.98	\$19,278.61	\$64,262.05	642,620.46	93.42%	479	7	3,432.32	\$10,750,865	\$757,706.17	48.27%	(\$2,008.73)		
Feb '07 Total	\$48,888,058	\$488,880.58	\$1,082,858.32	\$83,296.79	\$277,655.99	2,776,559.79	93.32%	479	28	3,645.10	\$45,622,618	\$3,265,440.37	48.13%	(\$4,327.52)		
2/27	\$12,654,767	\$126,547.67	\$293,435.01	\$22,571.92	\$75,239.75	752,397.46	93.05%	479	7	3,774.16	\$11,775,822	\$878,945.13	47.78%	\$1,910.98		
3/6	\$12,046,713	\$120,467.13	\$245,635.98	\$18,895.08	\$62,983.58	629,835.85	93.77%	479	7	3,592.82	\$11,296,410	\$750,302.98	48.79%	(\$5,957.68)		
3/13	\$13,127,072	\$131,270.72	\$293,748.15	\$22,596.01	\$75,320.04	753,200.37	93.26%	479	7	3,915.02	\$12,242,601	\$884,471.09	48.05%	(\$472.74)		
3/20	\$11,222,767	\$112,227.67	\$286,593.08	\$22,045.62	\$73,485.41	734,854.05	92.45%	479	7	3,347.08	\$10,375,685	\$847,081.72	47.08%	\$7,778.48		
3/27	\$13,436,660	\$134,366.60	\$284,965.53	\$21,920.43	\$73,068.08	730,680.85	93.56%	479	7	4,007.35	\$12,571,613	\$865,047.45	48.48%	(\$4,109.35)		
Mar '07 Total	\$62,487,979	\$624,879.79	\$1,404,377.74	\$108,029.06	\$360,096.86	3,600,968.57	93.24%	479	35	3,727.29	\$58,262,130	\$4,225,848.37	48.02%	(\$850.31)		
4/3	\$12,467,004	\$124,670.04	\$310,293.99	\$23,868.77	\$79,562.56	795,625.62	92.62%	479	7	3,718.16	\$11,546,708	\$920,295.66	47.26%	\$6,777.89		
4/10	\$10,655,346	\$106,553.46	\$292,864.31	\$22,528.02	\$75,093.41	750,934.13	91.95%	479	6	3,707.50	\$9,797,858	\$857,487.59	46.58%	\$12,176.27		
4/17	\$11,382,619	\$113,826.19	\$283,996.34	\$21,845.87	\$72,819.57	728,195.74	92.60%	479	7	3,394.76	\$10,540,597	\$842,021.93	47.25%	\$6,348.00		
4/24	\$11,666,466	\$116,664.66	\$294,936.42	\$22,687.42	\$75,624.72	756,247.23	92.52%	479	7	3,479.41	\$10,793,554	\$872,911.89	47.15%	\$7,396.63		

	Calculated Gross					Calculated "Net					Daily Total		Ca led	
	Slot Income	Gross Slot	39% Share of Net		10% FHM of	Slot Machine	Payout	# of	# of	Income Per	Calculated	Slot Machine Win	State of	48% Tax on
Week Ending	"Coin In"	Income	Terminal Income	3% GF of 39%	39%	Income"	Factor	Slots	Days	Machine	Player Payout	(SMW)	SMW	SMW vs.
Apr '07 Total	\$46,171,435	\$461,714.35	\$1,182,091.06	\$90,930.08	\$303,100.26	3,031,002.72	92.44%	479	27	3,570.05	\$42,678,718	\$3,492,717.07	47.06%	\$32,698.78
5/1	\$12,451,805	\$124,518.05	\$298,762.02	\$22,981.69	\$76,605.64	766,056.46	92.85%	479	7	3,713.63	\$11,561,230	\$890,574.51	47.53%	\$4,195.69
5/8	\$11,672,969	\$116,729.69	\$238,438.76	\$18,341.44	\$61,138.14	611,381.44	93.76%	479	7	3,481.35	\$10,944,858	\$728,111.13	48.78%	(\$5,675.11)
5/15	\$10,944,534	\$109,445.34	\$287,968.39	\$22,151.41	\$73,838.05	738,380.49	92.25%	479	7	3,264.10	\$10,096,708	\$847,825.83	46.87%	\$9,542.67
5/22	\$12,668,335	\$126,683.35	\$277,371.76	\$21,336.29	\$71,120.96	711,209.64	93.39%	479	7	3,778.21	\$11,830,442	\$837,892.99	48.22%	(\$1,866.47)
5/29	\$11,503,311	\$115,033.11	\$263,743.08	\$20,287.93	\$67,626.43	676,264.31	93.12%	479	7	3,430.75	\$10,712,014	\$791,297.42	47.87%	\$1,046.57
May '07 Total	\$59,240,954	\$592,409.54	\$1,366,284.01	\$105,098.76	\$350,329.22	3,503,292.33	93.09%	479	35	3,533.61	\$55,145,252	\$4,095,701.88	47.82%	\$7,243.35
6/5	\$11,744,507	\$117,445.07	\$308,847.60	\$23,757.51	\$79,191.69	791,916.92	92.26%	479	7	3,502.69	\$10,835,145	\$909,361.99	46.88%	\$10,201.09
6/12	\$10,654,902	\$106,549.02	\$267,204.10	\$20,554.16	\$68,513.87	685,138.72	92.57%	479	7	3,177.72	\$9,863,214	\$791,687.74	47.21%	\$6,257.00
6/19	\$10,612,267	\$106,122.67	\$258,638.89	\$19,895.30	\$66,317.66	663,176.64	92.75%	479	7	3,165.01	\$9,842,968	\$769,299.31	47.41%	\$4,502.11
6/26	\$10,928,162	\$109,281.62	\$268,425.54	\$20,648.12	\$68,827.06	688,270.62	92.70%	479	7	3,259.22	\$10,130,610	\$797,552.24	47.36%	\$5,117.92
June '07 Total	\$43,939,838	\$439,398.38	\$1,103,116.13	\$84,855.09	\$282,850.28	2,828,502.90	92.56%	479	28	3,276.16	\$40,671,937	\$3,267,901.28	47.20%	\$26,078.10
FY07 Total	\$610,387,395	\$6,103,873.95	\$13,801,338.13	\$1,061,641.42	\$3,538,804.60	\$35,388,046.50	93.20%				\$568,895,474	\$41,491,920.44	47.97%	\$10,909.73
7/3	\$12,091,587	\$120,915.87	\$307,363.25	\$23,643.33	\$78,811.09	788,110.90	92.48%	479	7	3,606.20	\$11,182,560	\$909,026.77	47.11%	\$8,053.73
7/10	\$13,451,648	\$134,516.48	\$329,133.02	\$25,317.92	\$84,393.08	843,930.82	92.73%	479	7	4,011.82	\$12,473,201	\$978,447.30	47.39%	\$6,005.20
7/17	\$12,456,880	\$124,568.80	\$271,709.51	\$20,900.73	\$69,669.11	696,691.05	93.41%	479	7	3,715.14	\$11,635,620	\$821,259.85	48.25%	(\$2,073.58)
7/24	\$13,170,951	\$131,709.51	\$292,912.07	\$22,531.70	\$75,105.66	751,056.59	93.30%	479	7	3,928.11	\$12,288,185	\$882,766.10	48.10%	(\$893.85)
July '07 Total	\$51,171,066	\$511,710.66	\$1,201,117.85	\$92,393.68	\$307,978.94	3,079,789.36	92.98%	479	28	3,815.32	\$47,579,566	\$3,591,500.02	47.69%	\$11,091.50
7/31	\$12,428,057	\$124,280.57	\$308,509.04	\$23,731.46	\$79,104.88	791,048.82	92.63%	479	7	3,706.55	\$11,512,728	\$915,329.39	47.28%	\$6,568.50
8/7	\$12,769,834	\$127,698.34	\$296,243.09	\$22,787.93	\$75,959.77	759,597.67	93.05%	479	7	3,808.48	\$11,882,538	\$887,296.01	47.78%	\$1,960.65
8/14	\$12,575,760	\$125,757.60	\$288,362.43	\$22,181.73	\$73,939.08	739,390.85	93.12%	479	7	3,750.60	\$11,710,612	\$865,148.45	47.87%	\$1,151.23
8/21	\$12,312,427	\$123,124.27	\$309,051.53	\$23,773.19	\$79,243.98	792,439.82	92.56%	479	7	3,672.06	\$11,396,863	\$915,564.09	47.20%	\$7,294.96
8/28	\$11,409,281	\$114,092.81	\$277,161.64	\$21,320.13	\$71,067.09	710,670.87	92.77%	479	7	3,402.71	\$10,584,517	\$824,763.68	47.44%	\$4,632.12
Aug '07 Total	\$61,495,359	\$614,953.59	\$1,479,327.73	\$113,794.44	\$379,314.80	3,793,148.03	92.83%	479	35	3,668.08	\$57,087,257	\$4,408,101.62	47.51%	\$21,607.46
9/4	\$13,535,710	\$135,357.10	\$317,565.33	\$24,428.10	\$81,427.01	814,270.08	92.98%	479	7	4,036.90	\$12,586,083	\$949,627.18	47.69%	\$2,898.62
9/11	\$12,200,726	\$122,007.26	\$293,191.50	\$22,553.19	\$75,177.31	751,773.08	92.84%	479	7	3,638.75	\$11,326,946	\$873,780.34	47.52%	\$4,215.80
9/18	\$12,083,805	\$120,838.05	\$305,434.09	\$23,494.93	\$78,316.43	783,164.33	92.52%	479	7	3,603.88	\$11,179,803	\$904,002.38	47.15%	\$7,649.00
9/25	\$11,423,972	\$114,239.72	\$292,570.43	\$22,505.42	\$75,018.06	750,180.59	92.43%	479	7	3,407.09	\$10,559,552	\$864,420.31	47.06%	\$8,111.60
Sept '07 Total	\$49,244,213	\$492,442.13	\$1,208,761.35	\$92,981.64	\$309,938.81	3,099,388.08	92.71%	479	28	3,671.65	\$45,652,383	\$3,591,830.21	47.36%	\$22,875.02
10/2	\$12,142,212	\$121,422.12	\$334,557.35	\$25,735.18	\$85,783.94	857,839.36	91.94%	479	7	3,621.30	\$11,162,951	\$979,261.48	46.56%	\$14,066.04
10/9	\$12,570,683	\$125,706.83	\$320,844.89	\$24,680.38	\$82,267.92	822,679.20	92.46%	479	7	3,749.09	\$11,622,297	\$948,386.03	47.09%	\$8,673.58
10/16	\$12,084,063	\$120,840.63	\$276,008.37	\$21,231.41	\$70,771.38	707,713.76	93.14%	479	7	3,603.96	\$11,255,508	\$828,554.39	47.90%	\$857.11
10/23	\$11,329,017	\$113,290.17	\$263,496.38	\$20,268.95	\$67,563.17	675,631.74	93.04%	479	7	3,378.77	\$10,540,095	\$788,921.91	47.76%	\$1,895.97
10/30	\$12,392,600	\$123,926.00	\$283,471.56	\$21,805.50	\$72,685.02	726,850.16	93.13%	479	7	3,695.97	\$11,541,824	\$850,776.16	47.89%	\$975.00
Oct '07 Total	\$60,518,575	\$605,185.75	\$1,478,378.55	\$113,721.42	\$379,071.43	3,790,714.23	92.74%	479	35	3,609.82	\$56,122,675	\$4,395,899.97	47.40%	\$26,467.69
FY08 FYTD Total	\$222,429,213	\$2,224,292.13	\$5,367,585.48	\$412,891.18	\$1,376,303.98	\$13,763,039.70	92.81%				#DIV/0!	#DIV/0!		\$82,041.67

Revenue Forecasting Committee - December 2007 - Racino Revenue

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Revised General Fund Revenue		\$7,359,185	\$11,391,849	\$12,506,703	\$13,078,541
Incremental Effect of December 2007 Forecast		\$389,991	\$550,462	\$167,921	\$179,414
December 2007 Forecast - Revised General Fund Revenue	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Fund for a Healthy Maine Revenue		\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
Incremental Effect of December 2007 Forecast		\$16,639	\$459,754	\$244,838	\$251,663
December 2007 Forecast - Fund for a Healthy Maine Revenue	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888

Detail of Current Revenue Forecast - Distribution of Total Slot Income

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
General Fund - Administration (1% of Gross Slot Income)	C 1.0%	\$6,103,874	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
"Net Slot Machine Income" (=A-B-C)		\$35,388,046	\$38,337,895	\$64,369,688	\$66,106,125	\$67,948,875
Licensees' Share of "Net Slot Machine Income"	61.0%	\$21,586,708	\$23,386,116	\$39,265,509	\$40,324,736	\$41,448,814

Distribution of State Share of "Net Slot Machine Income"		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Fund for Healthy Maine	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
University of Maine Scholarship Fund	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System - Scholarship Funds	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	1.0%	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Purse Supplements	10.0%	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Sire Stakes Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,415,521.86	\$1,533,516	\$2,574,788	\$2,644,245	\$2,717,955
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$707,760.93	\$766,758	\$1,287,394	\$473,243	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Agricultural Fair Support Fund	3.0%	\$1,061,641.39	\$1,150,137	\$1,931,091	\$1,983,184	\$2,038,466

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$6,103,874.00	\$6,005,039	\$9,536,250	\$9,793,500	\$10,066,500
General Fund (Other)	\$1,061,641.39	\$1,150,137	\$1,931,091	\$2,407,624	\$2,717,955
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,703,400.91	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Fund for Healthy Maine	\$3,538,804.64	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Other Special Revenue Funds					
Harness Racing Commission	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
HRC - Subtotal	\$7,785,370.21	\$8,434,338	\$14,161,333	\$14,118,909	\$14,269,264
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$707,760.93	\$766,758	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System Scholarships	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Resident Municipalities	\$353,880.46	\$383,379	\$643,697	\$661,061	\$679,489
Subtotal - Other Special Revenue Funds	\$9,225,892.06	\$9,992,854	\$16,761,121	\$16,788,154	\$17,012,220

Details and Assumptions

Payback % Average for Month	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	93.22%	92.98%	92.25%	92.25%	92.25%
August	93.32%	92.83%	92.25%	92.25%	92.25%
September	93.23%	92.71%	92.25%	92.25%	92.25%
October	93.51%	92.74%	92.25%	92.25%	92.25%
November	93.45%	92.50%	92.25%	92.25%	92.25%
December	93.46%	92.50%	92.25%	92.25%	92.25%
January	93.50%	92.50%	92.25%	92.25%	92.25%
February	93.32%	92.50%	92.25%	92.25%	92.25%
March	93.24%	92.50%	92.25%	92.25%	92.25%
April	92.44%	92.50%	92.25%	92.25%	92.25%
May	93.09%	92.50%	92.25%	92.25%	92.25%
June	92.56%	92.50%	92.25%	92.25%	92.25%

Average Total Slot Income Per Machine Per Day	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$3,516.43	\$3,422	\$2,625	\$2,696	\$2,771
July	3,488.74	3,815.32	\$2,775	\$2,850	\$2,950
August	3,434.83	3,668.08	\$2,775	\$2,850	\$2,950
September	3,473.46	3,671.65	\$2,775	\$2,850	\$2,950
October	3,698.23	3,609.82	\$2,775	\$2,850	\$2,950
November	3,722.67	\$3,500	\$2,600	\$2,650	\$2,700
December	3,187.07	\$3,100	\$2,425	\$2,475	\$2,550
January	3,439.92	\$3,100	\$2,425	\$2,475	\$2,550
February	3,645.10	\$3,100	\$2,425	\$2,475	\$2,550
March	3,727.29	\$3,200	\$2,425	\$2,475	\$2,550
April	3,570.05	\$3,300	\$2,500	\$2,600	\$2,650
May	3,533.61	\$3,500	\$2,800	\$2,900	\$2,950
June	3,276.16	\$3,500	\$2,800	\$2,900	\$2,950

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Revenue Forecasting Committee - December 2007 with Option #3 - Racino Revenue

Meeting #3
11/05/2007

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Revised General Fund Revenue		\$7,359,185	\$11,391,849	\$12,506,703	\$13,078,541
Incremental Effect of December 2007 Forecast		\$844,949	\$1,766,858	\$1,408,861	\$1,450,209
December 2007 Forecast - Revised General Fund Revenue	\$7,658,729	\$8,204,134	\$13,158,707	\$13,915,564	\$14,528,750

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
May 2007 Forecast - Fund for a Healthy Maine Revenue		\$3,817,151	\$5,977,215	\$6,365,775	\$6,543,225
Incremental Effect of December 2007 Forecast		(\$30,264)	\$334,352	\$116,053	\$119,288
December 2007 Forecast - Fund for a Healthy Maine Revenue	\$3,543,410	\$3,786,887	\$6,311,567	\$6,481,828	\$6,662,513

Detail of Current Revenue Forecast - Distribution of Total Slot Income

Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
"Slot Machine Win" or Operator's Gross (=A-B)		\$41,491,920	\$44,342,934	\$73,905,938	\$75,899,625	\$78,015,375
General Fund - "Administration"	C 14.60%	\$6,057,820	\$6,474,068	\$10,790,267	\$11,081,345	\$11,390,245
Net for Distribution (=A-B-C)	D	\$35,434,100	\$37,868,866	\$63,115,671	\$64,818,280	\$66,625,130
Licensees' Share of "Net Slot Machine Income"		\$20,370,043	\$21,769,720	\$36,283,381	\$37,262,162	\$38,300,868

Licensee Direct Payment to Host Municipality	3.0%	\$1,244,758	\$1,330,288	\$2,217,178	\$2,276,989	\$2,340,461
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Distribution of State Share of "Net for Distribution"		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Total State Share for Distribution	39.0%	\$13,819,299.02	\$14,768,858	\$24,615,112	\$25,279,129	\$25,983,801
General Fund (other)	3.0%	\$1,063,023.00	\$1,136,066	\$1,893,470	\$1,944,548	\$1,998,754
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$416,171	\$666,251
Fund for Healthy Maine	10.0%	\$3,543,410.01	\$3,786,887	\$6,311,567	\$6,481,828	\$6,662,513
University of Maine Scholarship Fund	2.0%	\$708,682.00	\$757,377	\$1,262,313	\$1,296,366	\$1,332,503
Maine Community College System - Scholarship Funds	1.0%	\$354,341.00	\$378,689	\$631,157	\$648,183	\$666,251
Resident Municipalities	1.0%	\$354,341.00	\$378,689	\$631,157	\$648,183	\$666,251
Purse Supplements	10.0%	\$3,543,410.01	\$3,786,887	\$6,311,567	\$6,481,828	\$6,662,513
Sire Stakes Fund	3.0%	\$1,063,023.00	\$1,136,066	\$1,893,470	\$1,944,548	\$1,998,754
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,417,364.00	\$1,514,755	\$2,524,627	\$2,592,731	\$2,665,005
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$708,682.00	\$757,377	\$1,262,313	\$464,023	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$416,171	\$666,251
Agricultural Fair Support Fund	3.0%	\$1,063,023.00	\$1,136,066	\$1,893,470	\$1,944,548	\$1,998,754

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$6,057,820.39	\$6,474,068	\$10,790,267	\$11,081,345	\$11,390,245
General Fund (Other)	\$1,063,023.00	\$1,136,066	\$1,893,470	\$2,360,719	\$2,665,005
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,658,728.91	\$8,204,134	\$13,158,707	\$13,915,564	\$14,528,750
Fund for Healthy Maine	\$3,543,410.01	\$3,786,887	\$6,311,567	\$6,481,828	\$6,662,513
Other Special Revenue Funds					
Harness Racing Commission	\$7,795,502.01	\$8,331,151	\$13,885,447	\$13,843,849	\$13,991,277
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$708,682.00	\$757,377	\$1,262,313	\$1,296,366	\$1,332,503
Maine Community College System Scholarships	\$354,341.00	\$378,689	\$631,157	\$648,183	\$666,251
Resident Municipalities	\$354,341.00	\$378,689	\$631,157	\$648,183	\$666,251
Subtotal - Other Special Revenue Funds	\$9,237,866.01	\$9,870,906	\$16,435,074	\$16,461,581	\$16,681,282

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Updated: 11/7/2007

Incremental Differences Option # 3 and Forecast

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund - Administration (1% of Gross Slot Income)	C	(\$46,054)	\$469,029	\$1,254,017	\$1,287,845	\$1,323,745
"Net Slot Machine Income" (=A-B-C)	D	\$46,054	(\$469,029)	(\$1,254,017)	(\$1,287,845)	(\$1,323,745)
Licensees' Share of "Net Slot Machine Income"		\$28,093	(\$286,108)	(\$764,950)	(\$785,585)	(\$807,485)
Licensee Direct Payment to Host Municipality (3% of SMW)	3.0%	\$0	\$0	\$0	\$0	\$0
Distribution of State Share of "Net Slot Machine Income"	39.0%	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$1,381.61	(\$14,071)	(\$37,621)	(\$38,636)	(\$39,712)
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	(\$8,269)	(\$13,238)
Fund for Healthy Maine	10.0%	\$4,605.37	(\$46,903)	(\$125,402)	(\$128,785)	(\$132,375)
University of Maine Scholarship Fund	2.0%	\$921.07	(\$9,381)	(\$25,081)	(\$25,757)	(\$26,475)
Maine Community College System - Scholarship Funds	1.0%	\$460.54	(\$4,690)	(\$12,540)	(\$12,878)	(\$13,238)
Resident Municipalities	1.0%	\$460.54	(\$4,690)	(\$12,540)	(\$12,878)	(\$13,238)
Purse Supplements	10.0%	\$4,605.37	(\$46,903)	(\$125,402)	(\$128,785)	(\$132,375)
Sire Stakes Fund	3.0%	\$1,381.61	(\$14,071)	(\$37,621)	(\$38,636)	(\$39,712)
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,842.14	(\$18,761)	(\$50,161)	(\$51,514)	(\$52,950)
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$921.07	(\$9,381)	(\$25,081)	(\$9,220)	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	(\$8,269)	(\$13,238)
Agricultural Fair Support Fund	3.0%	\$1,381.61	(\$14,071)	(\$37,621)	(\$38,636)	(\$39,712)
Revenue Summary		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund						
General Fund Administration		(\$46,053.61)	\$469,029	\$1,254,017	\$1,287,845	\$1,323,745
General Fund (Other)		\$1,381.61	(\$14,071)	(\$37,621)	(\$38,636)	(\$39,712)
Licensing revenue		\$0.00	\$0	\$0	\$0	\$0
Reimbursement - Background Checks		\$0.00	\$0	\$0	\$0	\$0
Subtotal - General Fund		(\$44,672.00)	\$454,958	\$1,216,396	\$1,240,940	\$1,270,795
Fund for Healthy Maine		\$4,605.37	(\$46,903)	(\$125,402)	(\$128,785)	(\$132,375)
Other Special Revenue Funds		\$0.00	\$0	\$0	\$0	\$0
Harness Racing Commission		\$10,131.80	(\$103,187)	(\$275,886)	(\$275,060)	(\$277,987)
PUS- host municipalities		\$0.00	\$0	\$0	\$0	\$0
University of Maine Scholarship Fund		\$921.07	(\$9,381)	(\$25,081)	(\$25,757)	(\$26,475)
Maine Community College System Scholarships		\$460.54	(\$4,690)	(\$12,540)	(\$12,878)	(\$13,238)
Resident Municipalities		\$460.54	(\$4,690)	(\$12,540)	(\$12,878)	(\$13,238)
Calculated % of Slot Machine Win ("SMW" or Operator's Gross)	% of NSMI	% of SMW	% of SMW	% of SMW	% of SMW	% of SMW
General Fund Administration % of Slot Machine Win		14.60%	14.60%	14.60%	14.60%	14.60%
Distribution of State Share of "Net Slot Machine Income"	39.0%					
General Fund (other)	3.0%	2.56%	2.56%	2.56%	2.56%	2.56%
General Fund (After 48 months - November 2009)	1.0%	0.00%	0.00%	0.00%	0.55%	0.85%
Fund for Healthy Maine	10.0%	8.54%	8.54%	8.54%	8.54%	8.54%
University of Maine Scholarship Fund	2.0%	1.71%	1.71%	1.71%	1.71%	1.71%
Maine Community College System - Scholarship Funds	1.0%	0.85%	0.85%	0.85%	0.85%	0.85%
Resident Municipalities	1.0%	0.85%	0.85%	0.85%	0.85%	0.85%
Purse Supplements	10.0%	8.54%	8.54%	8.54%	8.54%	8.54%
Sire Stakes Fund	3.0%	2.56%	2.56%	2.56%	2.56%	2.56%
Fund to Encourage Racing at Commercial Tracks	4.0%	3.42%	3.42%	3.42%	3.42%	3.42%
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	1.71%	1.71%	1.71%	0.61%	0.00%
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	0.00%	0.00%	0.00%	0.55%	0.85%
Agricultural Fair Support Fund	3.0%	2.56%	2.56%	2.56%	2.56%	2.56%
Total Taxes as a % of Slot Machine Win ("SMW" or Operator's Gross)		47.91%	47.91%	47.91%	47.91%	47.91%
Licensee Direct Payment to Host Municipality (3% of SMW)		3.00%	3.00%	3.00%	3.00%	3.00%
Licensee Share of Slot Machine Win		49.09%	49.09%	49.09%	49.09%	49.09%

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

ESTABLISHED BY EXECUTIVE ORDER 33 FY 06/07

FOURTH MEETING
MONDAY, NOVEMBER 19, 2007

AGENDA

- I. Comments from the Chair
 - a. Call to order
 - b. GO extension for report to 12/14/07
 - c. Review of Summary of meeting #3 and Agenda meeting #4
- II. Options Comparison, Discussion and Q&A with Grant Pennoyer (OFPR) and Bob Welch (GCB)
 - a. Side by side comparison: Options 1, 2, 3, 4 and 5
 - b. Revenue neutral – in total and to statutory beneficiaries
 - c. Enhanced stability
 - d. Enhanced effectiveness
 - e. Simplification
 - f. Draft statutory changes
- III. Review and Discussion of Draft Committee Report
 - a. Introduction
 - b. Summary of Committee Recommendations
 - c. Committee Assumptions, Findings and Conclusions
 - d. Committee Recommendations
 - e. Rationale for Committee Recommendations
 - f. Separate Statements of Concurring or Dissenting Members of the Committee
 - g. Index to Attachments
 - h. Attachments
- IV. Planning for Review, Comment and Vote on Committee Report – Meeting #5
 - a. JWS mail/email draft report by 11/30/07
 - b. Motion to allow/not allow absentee vote?
 - c. Motion to vote to approve report subject to vote change and/or separate statement by _____?
 - d. Motion to approve report?
- V. Adjourn

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

ESTABLISHED BY EXECUTIVE ORDER 33 FY 06/07

FIFTH MEETING
TUESDAY, DECEMBER 4, 2007

A G E N D A

- I. Comments from the Chair
 - a. Call to order
 - b. Review of committee report procedures adopted at meeting #4
 - c. Committee work status
 - i. JWS draft report and comments
 - ii. Attachments
 - iii. Summary of Options 1-6, noting revision to option #4
- II. Discussion of Committee's draft report and recommendation(s)
- III. Motions regarding Committee recommendation, adoption of Committee Report, and filing of any separate statements
- IV. Adjourn

Updated: 11/15/2007

Revenue Forecasting Committee - Decem 2007 with Option #6 - Racino Revenue

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Dec. 2007 Forecast - Preliminary Forecast	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Incremental Effect of Legislative Changes (Option #6)	(\$548,176)	(\$83,143)	\$319,548	\$328,184	\$337,341
Option #6 Revenue	\$7,155,224	\$7,666,033	\$12,261,859	\$13,002,808	\$13,595,296

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Dec. 2007 Forecast - Preliminary Forecast	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Incremental Effect of Legislative Changes (Option #6)	\$75,142	\$28,480	\$238	\$244	\$251
Option #6 Revenue	\$3,613,946	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139

Detail of Current Revenue Forecast - Distribution of Total Slot Income

Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$600,503,913	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$556,160,978	\$879,719,063	\$903,450,375	\$928,634,625
Gross Gaming Revenue (=A-B)		\$41,491,920	\$44,342,934	\$73,905,938	\$75,899,625	\$78,015,375
General Fund - 8 MRSA §1036(1)	C	\$5,352,458	\$5,720,239	\$9,533,866	\$9,791,052	\$10,063,983
Adjusted Gross Gaming Revenue (=A-B-C)	D	\$36,139,463	\$38,622,695	\$64,372,072	\$66,108,573	\$67,951,392
Licenses' Share		\$20,619,617	\$22,036,443	\$36,727,925	\$37,718,698	\$38,770,131

Licensor Direct Payment to Host Municipality	3.0%	\$1,244,758	\$1,330,288	\$2,217,178	\$2,276,989	\$2,340,461
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Distribution of State Share of Adjusted Gross Gaming Revenue		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Total State Share of Adjusted Gross Gaming Revenue	39.5%	\$14,275,087.77	\$15,255,965	\$25,426,968	\$26,112,886	\$26,840,800
General Fund (other)	3.5%	\$1,264,881.19	\$1,351,794	\$2,253,023	\$2,313,800	\$2,378,299
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$424,456	\$679,514
Fund for Healthy Maine	10.0%	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
University of Maine Scholarship Fund	2.0%	\$722,789.25	\$772,454	\$1,287,441	\$1,322,171	\$1,359,028
Maine Community College System - Scholarship Funds	1.0%	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Resident Municipalities	1.0%	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Purse Supplements	10.0%	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
Sire Stakes Fund	3.0%	\$1,084,183.88	\$1,158,681	\$1,931,162	\$1,983,257	\$2,038,542
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,445,578.51	\$1,544,908	\$2,574,883	\$2,644,343	\$2,718,056
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$722,789.25	\$772,454	\$1,287,441	\$473,260	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$424,456	\$679,514
Agricultural Fair Support Fund	3.0%	\$1,084,183.88	\$1,158,681	\$1,931,162	\$1,983,257	\$2,038,542

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$5,352,457.74	\$5,720,239	\$9,533,866	\$9,791,052	\$10,063,983
General Fund (Other)	\$1,264,881.19	\$1,351,794	\$2,253,023	\$2,313,800	\$2,378,299
Licensing revenue	\$504,897.00	\$582,000	\$461,500	\$461,500	\$461,500
Reimbursement - Background Checks	\$32,988.52	\$12,000	\$13,470	\$12,000	\$12,000
Subtotal - General Fund	\$7,155,224.45	\$7,666,033	\$12,261,859	\$13,002,808	\$13,595,296
Fund for Healthy Maine	\$3,613,946.27	\$3,862,270	\$6,437,207	\$6,610,857	\$6,795,139
Other Special Revenue Funds					
Harness Racing Commission	\$7,950,681.79	\$8,496,994	\$14,161,855	\$14,119,430	\$14,269,793
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$722,789.25	\$772,454	\$1,287,441	\$1,322,171	\$1,359,028
Maine Community College System Scholarships	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Resident Municipalities	\$361,394.63	\$386,227	\$643,721	\$661,086	\$679,514
Subtotal - Other Special Revenue Funds	\$9,421,260.30	\$10,066,902	\$16,761,738	\$16,788,773	\$17,012,849

Incremental Differences Option # 6 and Forecast

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund -1% of Gross Slot Income vs. % of GGR	C	(\$751,416)	(\$284,800)	(\$2,384)	(\$2,448)	(\$2,517)
"Net Slot Machine Income" vs. Adj GGR (=A-B-C)	D	\$751,416	\$284,800	\$2,384	\$2,448	\$2,517
Licensees' Share		\$277,667	(\$19,385)	(\$320,406)	(\$329,049)	(\$338,222)

Licensee Direct Payment to Host Municipality (3% of SMW)	3.0%	\$0	\$0	\$0	\$0	\$0
Distribution of State Share of "Net Slot Machine Income" or Adj GGR	39.0%	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$203,239.80	\$201,657	\$321,932	\$330,616	\$339,833
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$16	\$25
Fund for Healthy Maine	10.0%	\$75,141.63	\$28,480	\$238	\$244	\$251
University of Maine Scholarship Fund	2.0%	\$15,028.32	\$5,696	\$47	\$48	\$50
Maine Community College System - Scholarship Funds	1.0%	\$7,514.17	\$2,848	\$24	\$25	\$25
Resident Municipalities	1.0%	\$7,514.17	\$2,848	\$24	\$25	\$25
Purse Supplements	10.0%	\$75,141.63	\$28,480	\$238	\$244	\$251
Sire Stakes Fund	3.0%	\$22,542.49	\$8,544	\$71	\$73	\$76
Fund to Encourage Racing at Commercial Tracks	4.0%	\$30,056.65	\$11,392	\$95	\$98	\$101
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$15,028.32	\$5,696	\$47	\$17	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$16	\$25
Agricultural Fair Support Fund	3.0%	\$22,542.49	\$8,544	\$71	\$73	\$76

Revenue Summary		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund						
General Fund Administration		(\$751,416.26)	(\$284,800)	(\$2,384)	(\$2,448)	(\$2,517)
General Fund (Other)		\$203,239.80	\$201,657	\$321,932	\$330,632	\$339,858
Subtotal - General Fund		(\$548,176.46)	(\$83,143)	\$319,548	\$328,184	\$337,341
Fund for Healthy Maine		\$75,141.63	\$28,480	\$238	\$244	\$251
Other Special Revenue Funds		\$0.00	\$0	\$0	\$0	\$0
Harness Racing Commission		\$165,311.58	\$62,656	\$522	\$521	\$529
PUS- host municipalities		\$0.00	\$0	\$0	\$0	\$0
University of Maine Scholarship Fund		\$15,028.32	\$5,696	\$47	\$48	\$50
Maine Community College System Scholarships		\$7,514.17	\$2,848	\$24	\$25	\$25
Resident Municipalities		\$7,514.17	\$2,848	\$24	\$25	\$25

Calculated % of Gross Gaming Revenue	% of NSMI	% of GGR	% of GGR	% of GGR	% of GGR	% of GGR
General Fund Administration % of Slot Machine Win		12.90%	12.90%	12.90%	12.90%	12.90%
Distribution of State Share of "Net Slot Machine Income" or Adj. GGR	39.0%					
General Fund (other)	3.0%	3.05%	3.05%	3.05%	3.05%	3.05%
General Fund (After 48 months - November 2009)	1.0%	0.00%	0.00%	0.00%	0.56%	0.87%
Fund for Healthy Maine	10.0%	8.71%	8.71%	8.71%	8.71%	8.71%
University of Maine Scholarship Fund	2.0%	1.74%	1.74%	1.74%	1.74%	1.74%
Maine Community College System - Scholarship Funds	1.0%	0.87%	0.87%	0.87%	0.87%	0.87%
Resident Municipalities	1.0%	0.87%	0.87%	0.87%	0.87%	0.87%
Purse Supplements	10.0%	8.71%	8.71%	8.71%	8.71%	8.71%
Sire Stakes Fund	3.0%	2.61%	2.61%	2.61%	2.61%	2.61%
Fund to Encourage Racing at Commercial Tracks	4.0%	3.48%	3.48%	3.48%	3.48%	3.48%
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	1.74%	1.74%	1.74%	0.62%	0.00%
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	0.00%	0.00%	0.00%	0.56%	0.87%
Agricultural Fair Support Fund	3.0%	2.61%	2.61%	2.61%	2.61%	2.61%
Total Taxes as a % of Gross Gaming Revenue		47.30%	47.30%	47.30%	47.30%	47.30%
Licensee Direct Payment to Host Municipality (3% of SMW)		3.00%	3.00%	3.00%	3.00%	3.00%
Licensee Share of Slot Machine Win		49.70%	49.70%	49.70%	49.70%	49.70%
Calculation Based on Current Law of State Taxes as a % of Gross Gaming Revenue						
Total Taxes as a % of Gross Gaming Revenue (Current Law)		47.97%	47.26%	46.87%	46.87%	46.87%

OPTIONS 4, 5, 6

Option	Tier 1 GGR	Tier 2 AGGR	Other Adjustment	Effective GGR rate 2008-2009 vs. current structure effective GGR rate +/- \$50K	2007-2008 General Fund Effect vs. current structure +/- \$50K	2007-2008 Other Funds Effect vs. current structure +/- \$50K	2008-09 and 2009- 2010 General Fund Effect vs. current structure +/- \$50K	2008-09 and 2009- 2010 Other Funds Effect vs. current structure +/- \$50K
4- GGR/AGGR	12.9	39	Increase § 1018(1)(C) license fee by \$2,500.	46.87% 47.26%	Yes – loss	Yes – gain	No	No
5- GGR/AGGR	12.9	40	2 nd tier GF from 3% to 4%	47.74% 47.26%	Yes – gain	Yes – gain	Yes – gain	No
6- GGR/AGGR	12.9	39.5	2 nd tier GF from 3% to 3.5%	47.3% 46.87%	Yes – loss	Yes – gain	Yes – gain	No

Attachment "N"

Minority Report

Committee to Review the Taxation of Slot Machine Revenues

Dated: December 11, 2007

After analysis of current revenue sharing statutes, actual revenues that all parties receive under existing statutes, and all proposed "Options" to modify or amend these revenue sharing percentages, we hereby disagree with the Committee Recommendation Majority Report of the Committee to Review the Taxation of Slot Machine Revenues for the following reasons:

A. COMMITTEE PURPOSE

The purpose given to the Committee in the Governor's Executive Order (EO 33 FY 06/07 as amended 8/22/07) stated, *"The Committee is created to explore ways to enhance stability for this citizen-approved facility through simplification of the tax and revenue sharing structure in a revenue neutral manner that will yield the State and the existing statutory beneficiaries the same revenue as would be collected under current law, but enhance the effectiveness and stability of the tax and revenue sharing requirements of current law."*

1. **"Enhance stability."** Racino revenue sharing is based on Maine statute, not on contract law. In time, statutes can be amended or repealed since one Legislature does not have the power to bind the next Legislature. Other members of Maine's business community face the same uncertainty when they make long-term business decisions based on current statutes which are subject to change. Such as BETR reimbursements, lottery commissions, franchise taxes, or the MTBE added to re-formulated gas in the 1990's when CatTests were built to comply with Maine's Inspection and Maintenance Program. Therefore, changing the revenue sharing structure as recommended in the Majority Report will not enhance stability, as the Committee is charged with doing under said Executive Order.

2. **"Simplification of the tax and revenue sharing structure."** Maine statute currently uses a two-tier system for revenue collection and the Majority recommendation is to continue with the two-tier system. Under Option #2, as originally proposed, presented, and recommended by Hollywood Slots, they were seeking to create a one-tier system with an effective tax rate of 48%. (See #19 in Majority Report) This was the focus of discussion at our first meeting. The Committee found that using a one-tier rate did not provide for revenue neutrality. Therefore, additional options, with two-tier rates, had to be formulated for our subsequent meetings. Recommending a new two-tier system for the existing two-tier system does not create simplification. It creates additional effort by the Legislature and staff to change the current statutes and accounting methods that are currently in place. Therefore, the Majority Report does not provide for simplification, as the Committee is charged with doing under said Executive Order.

3. ***“Revenue neutral manner.”*** The Committee was held to making any recommendations for change to be revenue neutral for the State General fund and all beneficiaries under the racino.

- a. The entire formula under the Majority Report Option #7 is dependant on having a payout rate that stays the same. Under current Maine statute, it states the racino must have a payout rate of at least 89% to the players. Option #7 bases a payout rate at 92.5% when the new racino opens next year. The State does not set the payout rate. This rate is set by the racino operator and can be changed at any time by the operator. (See Majority Report- #25 to #32.) It specifically states in #29, *“it is not possible to exactly forecast payback %.”* Footnote #6 in the report also indicates that if a competing racino opened, the payback percentage may be increased. If the payout rate changes, then revenues would not remain revenue neutral.
- b. At Meeting #3, the Committee reviewed Option #5 that would have added approximately \$600,000 to the General Fund and kept the other beneficiaries revenue neutral. Mr. Johnson was asked if Hollywood Slots would agree to this Option and he said “yes”. When questioned further by the Committee he stated he had the authority to agree to that additional amount. Changing the formula was Hollywood Slots main concern. The Committee could not explore this option further because it was determined that this option did not comply with our charge of revenue neutrality.
- c. The Majority Report does not provide for revenue neutrality, as the Committee is charged with doing under said Executive Order.

B. MAJORITY REPORT CONCERNS

Some statements in the Majority Report raise additional questions, such as:

1. #15 – Even though Hollywood Slots is the only authorized slot machine operator in the State at this time, do we want to change the revenue formula now when we know that other people are seeking approval? If the Washington County racino had been approved by the voters, would it have followed this revised formula? If the Oxford County casino is approved, would it follow this formula? Isn’t it time for the State to re-examine the racino revenue formula in its entirety?
2. #18 and #20 - Broad statements are made that *“No other state imposes a tax on GSM/coin-in/handle”*, but footnote #2 indicates that this fact is based on statements of people who work in the gaming industry, not on actual spreadsheet data. Different states have different statutes and contracts governing racinos which makes comparing “apples to apples” very difficult. Are the changes being proposed in the Majority Report, in fact, going to put Maine in line with what other states are doing? If Maine wants to be like other states, shouldn’t we look at other state statutes in their entirety, including up-front

privilege fees, capping revenues to beneficiaries, revenues based on machines, and other nuances in different laws?

For example, under the just passed Kansas Expanded Lottery Act the state will own and operate casinos and racinos in four different areas of the state. Interested parties submit applications to manage the facility. If an operator is selected by the state, the operator pays an up-front “*privilege*” fee to the state of \$7 million. A contract is signed that prohibits Kansas from expanding gaming beyond 2,800 slot machines at tracks and four destination casinos until 2032. (*Hollywood Slots is allowed 1,500 slots*) If the state of Kansas violates this provision they must repay the privilege fee to the operator. In August 2007, Penn National submitted an application in Kansas. The “application” and attached exhibits was in excess of 1,500 pages. It was delivered to the Lottery Commission in over 30 boxes by a moving van.

3. #22 - States that Maine’s current tax structure “*creates a misperception among the media, legislators and analysts that its income from its Bangor operations is far greater than what it actually is, making it a target for consideration of increased taxation.*” Is Maine changing its statutes only to help public relations for the racino? Does Hollywood Slots have a legitimate issue with a misperception by the public on how much money they are making? Do they think that Maine citizens will change their perception if they find out that the racino only made \$60 Million or \$40 million or \$20 million?
4. #27 – States that any change to the payback percentage is approved by the Executive Director of the Gambling Control Board. By statute the operator must pay out at least 89%, but it is our understanding from the discussions at our meetings that “the slot machine operator controls the payback percentage”.

C. MINORITY REPORT RECOMMENDATION

The Minority Report hereby recommends Option #1. Option #1 is to leave the statute as is. This recommendation is based upon the following rationale:

1. By retaining a two-tier system the Majority report is not simplifying the current tax structure. Creating a different two-tier system from the two-tier system already in place involves Legislative changes to existing statutes and accounting procedures.
2. Revenue sharing was defined in statute before a racino was operating in the State. The current racino is expanding from 475 slot machines to 1000 slot machines and by law they are allowed to have a total of 1,500 slot machines. Other entities are actively pursuing opportunities to expand racinos in Maine. Therefore, it is time for the existing laws to be reviewed in their entirety before new racinos are approved, and without the constraints of revenue neutrality. Specific areas that should be reviewed:

- a. Whether or not the State should continue to subsidize private businesses that own Off-Track Betting Facilities (OTB's) and Commercial Tracks beyond 2008.
 - b. Whether or not revenue caps should be placed on beneficiaries under the revenue cascade. Other states have caps that limit the amounts received. With the expansion from 475 to 1000 slots, the beneficiaries will get double what they received last year. Is this fair when so many other businesses are struggling?
 - c. Whether or not the 89% payout per statute should be changed to reflect nearer to what is actually being paid out.
 - d. Whether or not language should be changed in the statute to direct more money to the General fund and less money to the Gambling Control Board for administrative expenses, since this is already being done in this manner.
3. Because of the sensitivity of the payback percentage rate, even a slight change in the payback rate can translate into a significant change in revenue. As shown in Option #4, if the payback rate changes from 92.25% to 9.5% the State would receive \$300,000 less in revenue. In addition, if the new statute had been in place for FY 2007, the state would have received less money.
 4. In light of substantial decreases in projected revenues for the State of Maine, many departments and entities, may be facing significant reductions in budget allocations. For example, the University of Maine System and the Maine Community College System, current beneficiaries of racino money, may be facing tuition increases and could use additional monies from the racino revenues. Therefore, since the original duty of the Committee was to produce a "revenue neutral" proposal, this matter is not an emergency item needing to be addressed in this session. Time, debate, and expense by the Legislature should not be devoted during the short Second Session to this issue since we can not see any benefit or detriment to the one business that will be affected. Hollywood Slots had never asked the Gambling Control Board to recommend a change to this statute, and if this change is needed because Penn National is being sold for \$8 billion, then this reason was not presented to the Committee.
 5. Option #7, as recommended in the Committee Recommendation Majority Report, fails to meet the conditions of the Executive Order. It does not provide for stability, it does not simplify the statute, and it is not revenue neutral.

D. ADDITIONAL CONCERNS

1. The original schedule of the committee was to hold four meetings. These meetings were open to the public and broadcast over the internet. At the

fourth meeting, the Committee had six options to review and it was determined that a fifth meeting would be added to vote on an option and to review a "draft report" of the Committee recommendation.

2. At the fifth meeting, the Chair requested that no vote be taken. He recommended that the vote be conducted by email and that the Committee had until 5:00 PM on December 6, 2007, to cast their vote. The Committee voted to allow this request, but we wish to express our concern that the vote was not taken in public.

3. At the fifth meeting there was no Motion on the floor, and when the Chair was asked "what are we voting on?", the Committee was told to vote on whatever option they wanted. The Committee then adjourned without reviewing the "draft report." At the time of adjournment, the Committee had six options before them. It was our understanding that we would be voting for one of the six Options before the Committee.

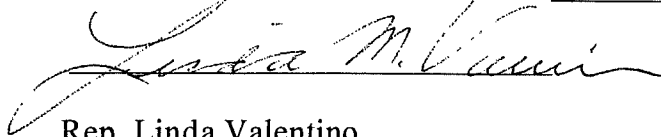
4. After the online voting period was "open" and Committee members had already started to cast their votes, the Committee received an email from the Chair informing them that an Option #7 had been prepared. The Committee never reviewed Option #7 in public and did not know that another option was being prepared. The Committee had spent five meetings trying to obtain a "revenue neutral" option and now a seventh option was offered that was not revenue neutral. The email also stated, "*It is my understanding that both Jon Johnson and the Administration are supportive of Option 7.*" This statement was underlined in the email for emphasis. The majority of the Committee then voted for Option #7. If the Committee was not going to recommend a revenue neutral option, then why didn't they recommend Option #5 which would have given the State four times more revenue, and had been agreed to previously by Hollywood Slots?

5. It is the position of the Minority Report members that the purpose of the Committee was to make a recommendation to the Executive branch. Because Option #7 was prepared after all meetings were concluded, was not discussed in public by the Committee members, and was "*supported by the Administration*" prior to the Committee members seeing Option #7, we do not feel that the Majority Report should be given the same weight by a Legislative Committee. If legislation is proposed by the Executive branch, a Legislative Committee should base their recommendation on their own findings during Public Hearings and workshops.

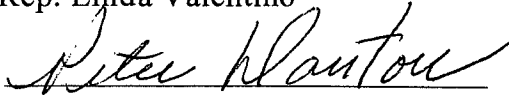
This Minority Report is based strictly on the financial aspects of the racino revenue and is not against the horse industry, the agricultural fairs, or other receivers under the cascade. It is the position of the Minority Report members that the "*misperception*" issue raised by Hollywood Slots is not a sufficient reason for the Legislature to change the statute piecemeal. The entire revenue sharing statute should be reviewed and amended after a thorough evaluation by the Legislature.

This report takes a neutral position on gambling in Maine . The citizens voted to allow the racino and we respect their vote.

Submitted on December 11, 2007, at _____ PM by:

A handwritten signature in cursive script, appearing to read "Linda M. Valentino", written over a horizontal line.

Rep. Linda Valentino

A handwritten signature in cursive script, appearing to read "Peter Danton", written over a horizontal line.

Peter Danton

COMMITTEE TO REVIEW THE TAXATION OF SLOT MACHINE REVENUES

EO 33 FY 06/07

-- Committee Vote on Recommendation --

WHEREAS, the undersigned is the appointed Chair of the Executive Order #33 Committee to Review the Taxation of Slot Machine Revenues ("Committee"); and

WHEREAS, at its Fifth Meeting, held on December 4, 2007, the Committee voted to hold and record its vote on a final recommendation as follows:

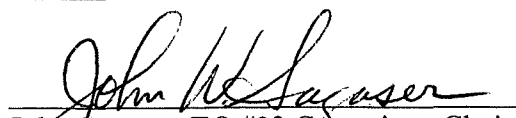
- o ***Motion*** to revise voting procedure on Committee recommendations as follows: voting to be by each member notifying the chair of what option he/she recommends by Thursday, December 6, 2007, 5:00 p.m., with Chair to report back to the Committee members the vote tally; seconded, passed by 6-1.

WHEREAS, after the conclusion of the Fifth Meeting and prior to 5:00 p.m. Thursday, December 6, 2007, the Chair received from members eligible to vote those members' final voted recommendation as of Thursday 5:00 p.m. as follows:

Committee Member Name	Voted Recommendation
John Sagaser	Option 7
Senator Debra Plowman	Option 7
Representative Linda Valentino	Option 1
Representative Donald Marean	Option 7
Representative Patricia Blanchette	Option 7
Peter Danton	Option 1
Jon Johnson	Option 7
James Hanley	Option 7
Sebastian Sinclair	Option 7
Dan Tremble	Option 7
Daniel Stevenson	Option 7

Key to Voted Recommendations

Option 1	The option to do nothing at this time and to leave the statute as written alone.
Option 7	Revise the current two-tier structure in 8 M.R.S.A. ch.31 as follows: <ul style="list-style-type: none">▪ Tier 1 tax base: replace base of Gross Slot Machine Income with base of Gross Gaming Revenue▪ Tier 1 tax rate: replace 1% with 12.9%▪ Tier 2 tax base: replace base of Net Slot Machine Income with base of Adjusted Gross Gaming Revenue▪ Tier 2 tax rate: replace overall rate of 39% with rate of 39.25%; and replace tier 2 General Fund rate of 3% with rate of 3.25%.


John Sagaser, EO #33 Committee Chair

Dated: Thursday, December 06, 2007 5:04 pm