

MAINE STATE LEGISLATURE

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STATE OF MAINE
Department of Public Safety
Gambling Control Board
87 State House Station
Augusta, Maine
04333-0087

PAUL R. LEPAGE
GOVERNOR
JOHN E. MORRIS
COMMISSIONER

TIMOTHY S. DOYLE
CHAIRMAN
PATRICK J. FLEMING
EXECUTIVE DIRECTOR

March 10, 2016

Governor Paul R. LePage
Office of the Governor
State House Station #1
Augusta, Maine 04333

Governor LePage,

Pursuant to 8 M.R.S.A. § 1003(2)(R), the Gambling Control Board is required to submit to you, by March 15th of each year, a report on slot machine and table game revenues, credits disbursed by the slot machine and table game operators, administrative expenses and the allocation of gross slot machine and table game income for the preceding year. The attached report includes the required information for the Hollywood Casino in Bangor and the Oxford Casino in Oxford.

The Gambling Control Board adopted this report at their meeting on 02/16/2016.

On behalf of the Gambling Control Board, I am pleased to submit the attached report to you.

Sincerely,

Patrick J. Fleming
Executive Director

CC: Members of the Joint Standing Committee on Veterans and Legal Affairs

Operations Update

The Gambling Control Board is responsible for the licensing, regulating and inspection of the corporations, people and machines that operate slot facilities and casinos in Maine. The Board also licenses the companies that sell associated equipment to the slot and casino operator(s).

The Gambling Control Board staff works diligently to ensure that the casinos are in compliance with the statutes and rules that regulate the casino industry. They work closely with the casinos and other members of the industry to ensure a safe gaming environment for the patrons who choose to participate in gambling. The current positions include an executive director, two State Police detectives (one detective position remains unfilled), an inspector supervisor, nine civilian inspectors, two auditors, an office specialist, and an office assistant. There is also an identification specialist position in State Bureau of Identification funded by the Gambling Control Board due to the large number of fingerprint submissions that the licensing process generates and the board budget also funds an assistant attorney general to assist with the legal work of the board.

The majority of the State Police detective's time is directed to licensing of the personnel at the facility and the people who own and run the companies doing business with Hollywood Casino and Oxford Casino. The detectives annually investigate at least 6 international companies and approximately 850 individuals that are associated with the Hollywood and Oxford facilities. The interview sessions sometimes require out of state travel. Licensing activities include, but are not limited to:

- prospective employee and executive interviews (both in-state and out-of-state)
- background investigations

The nine civilian inspectors perform inspections and surveillance on the floor of the facilities. The inspectors are critical in maintaining a hands-on approach to our vigorous oversight at the facilities. The inspectors also assist other law enforcement agencies that have need of information from the slot facility. An inspector is present at the facilities at all hours that they are open and their responsibilities include, but are not limited to:

- coordination with local public safety authorities as needed
- monitoring gambling floor activity including the licensing, movement and replacement of slot machines and gaming tables
- acceptance of new equipment and software
- examination of casinos' adherence to internal controls

The auditors provide day-to-day review of the operator's financial reports and insure proper payment of revenue to the State of Maine. Financial information is electronically collected from the slot machines through a central site monitoring system operated by Scientific Games. This monitoring system operates 24 hours a day/ 7 days a week to ensure correct accounting of machine activity. The auditors also work with the casinos to

ensure the proper reconciliation of the table games revenue because there is no electronic monitoring of table games. Any variances between casino records and the central site monitoring system are identified and corrective action taken. Examples of causes of variances can be:

- relocation of slot machines
- slot machine malfunction

In addition, auditors perform periodic inspection of casino documentation to determine adherence to statute and rules.

Board Composition

Members who served on the Board in 2015 include: Tim Doyle (Chairman), Barbara Dresser, Robert Harmon, and Joe Laliberte. There is currently one vacancy on the Gambling Board due to the resignation of Matt Dyer in 2014.

The Board meets monthly in the Board Room located at Department of Public Safety Headquarters at Commerce Drive in Augusta. The topics discussed at the meetings of the Gambling Control Board include, but are not limited to:

- Relevant pending legislation
- Licensing, revenue, and auditing activities
- Any changes to rules and internal controls
- Review and approve any new table games
- Provide a hearing venue for disciplinary actions

The Gambling Board has also made a point to hold one meeting per year in the Town of Oxford and City of Bangor in order to give the citizens of those areas the opportunity to participate in the gambling control process. Those local meetings would be followed by a tour of the respective casinos.

The Gambling Control Board conference room has been outfitted with an internet feed to allow for people to listen to the meetings live through the Gambling Control Board website. The Board also makes that room available for other state entities without cost.

Administrative Expenses

<u>Gambling Control Board</u>	<u>Expenses FY 13</u>	<u>Expenses FY14</u>	<u>Expenses FY15</u>
Part I: Personnel Services	\$1,022,599.51	\$1,101,813.17	\$1,152,015.09
Part II: All Other Expenses	\$ 951,608.78	\$ 774,139.93	\$ 774,435.28
Total Expenses	<u>\$1,974,208.29</u>	<u>\$1,875,953.10</u>	<u>\$1,926,450.37</u>

CASINO ACTIVITY 2015				
	GROSS REVENUE (NET OF PROMOTIONAL CREDITS)	PLAYER CREDITS AND JACKPOTS	NET CASINO REVENUE (Casino Win)	SLOT MACHINES IN PLAY AS OF DECEMBER 31, 2015
<u>SLOTS:</u>				
HOLLYWOOD	\$ 431,081,412.23	\$ 386,807,348.85	\$ 44,274,063.38	787
OXFORD	\$ 710,322,680.44	\$ 648,230,724.18	\$ 62,091,956.26	854
TOTAL	\$1,141,404,092.67	\$ 1,035,038,073.03	\$ 106,366,019.64	
			NET CASINO REVENUE (Casino Win)	TABLES IN PLAY AS OF DECEMBER 31, 2015
<u>TABLES:</u>				
HOLLYWOOD			\$ 8,966,224.50	16
OXFORD			\$ 14,475,212.75	26
TOTAL			\$ 23,441,437.25	
TOTAL BOTH CASINOS			\$ 129,807,456.89	

TAXES REALIZED 2015

SLOTS:

HOLLYWOOD

\$ 19,896,481.33

COMPRISED OF 1% OF GROSS AS
WELL AS 39% OF CASINO WIN
LESS 1% GROSS AMOUNT

OXFORD

\$ 28,562,299.89

CALCULATED AT 46% OF WIN

TOTAL SLOT TAXES

\$ 48,458,781.22

TABLES:

HOLLYWOOD

\$ 1,434,595.92

CALCULATED AT 16% OF WIN

OXFORD

\$ 2,316,034.04

CALCULATED AT 16% OF WIN

**TOTAL TABLE
TAXES**

\$ 3,750,629.96

**TOTAL ALL
GAMING TAXES**

\$ 52,209,411.18

OVERALL GAMING TAX RATE
40.56%

ALLOCATION OF SLOT AND TABLE GAME TAX REVENUE 2015

General Fund	\$ 6,716,304.26
General Fund for the Administrative Expenses of the Gambling Control Board and for Gambling Addiction Services	\$ 1,862,758.72
Gambling Control Board Other Special Revenue Account	\$ 703,243.18
Department of Education for Grades K-12	\$ 16,970,510.13
University of Maine System	\$ 3,157,834.71
Maine Maritime Academy	\$ 125,108.48
Maine Community College System	\$ 2,262,391.20
Fund to Encourage Racing at Maine's Commercial Tracks	\$ 1,598,529.99
Harness Racing Purses	\$ 4,617,244.51
Sire Stakes Fund	\$ 1,819,817.06
Agricultural Fair Support Fund	\$ 1,819,817.06
Fund to Stabilize Off Track Betting	\$ 399,632.48
Penobscot and Passamaquoddy Tribes	\$ 2,483,678.27
Town of Oxford	\$ 1,531,343.43
City of Bangor	\$ 578,956.97
Oxford County	\$ 765,671.73
Healthy Maine Fund	\$ 3,996,324.93
Dairy Improvement fund	\$ 310,459.79
Milk Pool	\$ 310,459.79
Veterans' Assistance	\$ 179,324.49
TOTAL ALL ALLOCATIONS	52,209,411.18