

MAINE STATE LEGISLATURE

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*State Of Maine
121st Legislature*

*Second Regular Session and
Second Special Session*

Bill Summaries

*Joint Standing Committee
on
Legal and Veterans' Affairs*

May 2004

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Maine State Legislature



*Office Of Policy And Legal Analysis
Office Of Fiscal And Program Review*

*121st Maine Legislature
Second Regular Session and
Second Special Session*

Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla/billsumm.htm).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
- CONF CMTE UNABLE TO AGREE Committee of Conference unable to agree; bill died
- DIED BETWEEN BODIES..... House & Senate disagree; bill died
- DIED IN CONCURRENCE..... One body accepts ONTP report; the other indefinitely postpones the bill
- DIED ON ADJOURNMENT..... Action incomplete when session ended; bill died
- EMERGENCY Enacted law takes effect sooner than 90 days
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE..... Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE..... Bill failed to get majority vote
- FAILED MANDATE ENACTMENT Bill imposing local mandate failed to get 2/3 vote
- NOT PROPERLY BEFORE THE BODY Ruled out of order by the presiding officers; bill died
- INDEF PP Bill Indefinitely Postponed
- ONTP..... Ought Not To Pass report accepted
- OTP-ND Committee report Ought To Pass In New Draft
- P&S XXX..... Chapter # of enacted Private & Special Law
- PASSED..... Joint Order passed in both bodies
- PUBLIC XXX..... Chapter # of enacted Public Law
- RESOLVE XXX..... Chapter # of finally passed Resolve
- UNSIGNED..... Bill held by Governor
- VETO SUSTAINED Legislature failed to override Governor's Veto

Please note that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is April 30, 2004; and non-emergency legislation enacted in the Second Special Session is July 30, 2004. Four bills (LD's 1572, 1629, 1636 and 1637) that were considered at the First Special Session in August 2003 are also included in these summaries.

David C. Elliott, Director
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Enacted Law Summary

Public Law 2003, chapter 651 defines "direct recording electronic voting machine," "mechanical lever voting machine" and "punch card voting machine." It requires that any voting machine used in the State produce a paper audit trail. It also bans the use of mechanical lever voting machines and punch card voting machines. Chapter 651 further prohibits the networking of voting machines and prohibits Internet voting. This law requires the Secretary of State to report to the joint standing committee of the Legislature having jurisdiction over statewide election matters by January 15, 2005 on the progress made to implement the accessible voting equipment requirements of the federal Help America Vote Act of 2002. It also places a moratorium on the purchase and approval of direct recording electronic voting machines, or other voting systems equipped for individuals with disabilities, until March 1, 2005.

LD 1820

An Act To Establish the Gambling Control Board To License and Regulate Slot Machines at Commercial Harness Racing Tracks

PUBLIC 687

Sponsor(s)	Committee Report	Amendments Adopted
LEMOINE	OTP-AM MAJ	H-868
GAGNON	OTP-AM MIN	S-515 MAYO S-519 MAYO

LD 1820 proposed to effectively amend Initiated Bill 2003, chapter 1 as approved by the voters at referendum in November 2003, which allowed for the operation of slot machines by certain persons licensed to operate commercial harness horse racing tracks.

Part A of the bill proposed to establish the Gambling Control Board within the Department of Public Safety to regulate the operation, distribution and maintenance of slot machines and the facilities at which those slot machines are located. The Gambling Control Board would consist of 5 members who would serve staggered 3-year terms and who would be appointed by the Governor. The bill would maintain the eligibility criteria for slot machine operators, but would also establish licensing criteria applicable to all potential slot machine operators, thereby eliminating the initiated bill's automatic licensing provisions. The bill proposed to strengthen the harness horse track transfer regulations contained in the initiated bill. The bill would create a framework through which the Gambling Control Board would regulate and monitor slot machine operators, distributors and gambling-related vendors and service providers.

Part A proposed to maintain the distribution of the gross income from slot machines, which is income after payback to players, as proposed in the initiated bill. However, the bill proposed to allow the Commissioner of Administration and Financial Services to establish a "compensation percentage." The compensation percentage would be defined as a percentage of the gross income necessary to compensate the State for all administrative, regulatory and economic costs associated with slot machine operations. In addition, the Commissioner of Administration and Financial Services would be permitted to award "impact fees" to off-track betting and high-stakes beano operators that demonstrate adverse effects on their businesses as a direct result of the introduction of slot machine operations.

Part A would restrict the number of slot machines to that required to maintain the vitality of Maine's harness horse racing industry, as determined by the Gambling Control Board. The number would be limited to 1,500 slot

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machines at any one location and 3,000 slot machines statewide. The bill proposed to require slot machine operators to continue harness horse racing for the term of their licenses.

Part A proposed to establish a minimum payback percentage of 90% and to require that a person under 21 years of age be prohibited from playing a slot machine.

Part A further proposed to specify that slot machines and associated equipment, as those terms are defined, would be exempt from inclusion in the Business Equipment Tax Reimbursement program established in Title 36, chapter 915.

Part B of this bill proposed to extinguish any rights that may have arisen under Initiated Bill 2003, chapter 1 retroactive to January 3, 2004, the effective date of the initiated bill.

Committee Amendment "A" (H-868) was the majority report of the committee. This amendment proposed to require that membership qualifications of the Department of Public Safety, Gambling Control Board as proposed in the bill include experience in the harness racing industry. It would provide for municipal approval for the renewal of a slot machine license. Municipal decisions would be subject to appeal to the Gambling Control Board. The requirement that nongambling service vendors and their employees be licensed by the Gambling Control Board would be removed under this amendment. The amendment also proposed to strengthen the on-line monitoring of slot machines required in the bill by specifying that slot machines be controlled by a central site computer system operated by the State. The amendment would require, as a condition of the slot machine operator license, that the operator enter into an agreement with the host municipality that provides for revenue sharing and a security plan for the licensed slot machine facility. The amendment proposed to establish initial application fees for slot machine operators and distributors of \$200,000 and for registration of slot machines of \$100. Renewal fees would be determined by the board to cover costs of administration of licensing and registrations. For slot machine operators, there would be an additional renewal fee of \$75,000, \$25,000 of which would go directly to the host municipality, with the remainder going to the General Fund. The amendment also proposed to require that the Gambling Control Board take final action on applications for slot machine licenses no later than September 30, 2004. It proposed to reduce the payback percentage to players from 90% to 89% and would allocate the 1% to the General Fund for administrative costs of the board. It proposed to reduce the total number of slot machines that may be registered in the State to 1,500 slot machines. Finally, the amendment changes the allocation of gross slot machine income so that the operator retains 61% and the remaining 39% is distributed as follows:

1. Three percent to the General Fund for administrative expenses of the board, including gambling addiction counseling services;
2. Ten percent to supplement harness racing purses;
3. Three percent to the Sire Stakes Fund;
4. Three percent to the Agricultural Fair Support Fund;
5. Ten percent to the Fund for a Healthy Maine for prescription drug benefits;
6. Two percent for University of Maine System scholarships;
7. One percent for Maine Community College System scholarships;
8. Four percent to the Fund to Encourage Racing at Maine's Commercial Tracks;

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9. Two percent to the Fund to Stabilize Off-track Betting Facilities, to be reduced to 1% after 4 years with the remaining 1% going back to the General Fund; and
10. One percent to the host municipality.

Committee Amendment "B" (H-869) was the minority report of the committee and was not adopted. This amendment adopted most of the provisions of the majority amendment with some exceptions. This amendment proposed to require that membership qualifications of the Department of Public Safety, Gambling Control Board as proposed in the bill include experience in the harness racing industry. It would provide for municipal approval for the renewal of a slot machine license. Municipal decisions would be subject to appeal to the Gambling Control Board. The requirement that nongambling service vendors and their employees be licensed by the Gambling Control Board would be removed in this amendment. The amendment would also strengthen the on-line monitoring of slot machines required in the bill by specifying that slot machines be controlled by a central site computer system operated by the State. The amendment proposed to require, as a condition of the slot machine operator license, that the operator enter into an agreement with the host municipality that provides for revenue sharing and a security plan for the licensed slot machine facility. The amendment would establish initial application fees for slot machine operators and distributors of \$200,000 and for registration of slot machines of \$100. Renewal fees would be determined by the board to cover costs of administration of licensing and registrations. For slot machine operators, there would be an additional renewal fee of \$75,000, \$25,000 of which would go directly to the host municipality, with the remainder going to the General Fund. The amendment also proposed to require that the Gambling Control Board take final action on applications for slot machine licenses no later than September 30, 2004.

This amendment differs from the majority report in that it would require that commercial tracks conduct a minimum number of race dates as a condition of maintaining the operation of slot machines. It proposed to remove the provision of the bill that required gambling services vendor employees to be licensed by the Gambling Control Board and instead authorized the board to issue work permits to employees per rules adopted by the board. It also proposed to reduce the statewide limit on the number of slot machines to be licensed in the State as proposed in the bill from 3,000 to 1,500. Finally, the amendment would change the allocation of gross slot machine income so that the operator retains 63% and the remaining 37% would be distributed as follows:

1. Four percent to the General Fund for administrative expenses of the board, including gambling addiction counseling services;
2. Seven percent to supplement harness racing purses;
3. One percent to the Sire Stakes Fund;
4. Three percent to the Agricultural Fair Support Fund;
5. Fourteen percent to the Fund for a Healthy Maine for prescription drug benefits;
6. Four percent for University of Maine System scholarships; and
7. Four percent for Maine Community College System scholarships.

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House Amendment "A" (H-891) which was not adopted, proposed to change the bill in 2 ways.

1. It would add Part D, that proposed to allow the voters of Maine at referendum to determine whether they want:
 - A. Slot machines at commercial harness racing tracks as amended by LD 1820 and any accompanying amendments;
 - B. Slot machines at commercial harness racing tracks as enacted by citizen's initiative approved by the voters of Maine on November 4, 2003 and without the changes proposed in LD 1820 and any accompanying amendments; or
 - C. No slot machines at commercial harness racing tracks by repealing the law enacted by citizen's initiative.
2. It proposed to add a new Part C to the bill that would repeal all the authorization for slot machines at commercial harness racing tracks. Part C would take effect only if Question C passed.

House Amendment "A" to Committee Amendment "A" (H-879) which was not adopted, proposed to create a new fund, the Harness Racing Stabilization Fund, into which 6% of the total gross slot machine income would be deposited. The new fund would serve as a source of revenue for licensed commercial tracks and off-track betting facilities who apply to the Gambling Control Board for financial assistance payments. The board, by major substantive rulemaking, would be required to establish criteria that the commercial track or off-track betting facility must meet in order to be eligible for financial assistance payments. One criterion that an off-track betting facility must meet would be a showing of loss of revenue due to the presence of licensed slot machines in the State. The board would determine whether the track or off-track betting facility has met the criteria and the amount of the financial assistance payment. The commercial track or off-track betting facility would be required to apply annually for a financial assistance payment.

Under this proposed amendment, the financial assistance payments cease when all commercial tracks and off-track betting facilities have slot machines, including electronic video machines, or the board determines that financial assistance payments are no longer necessary, whichever occurs first. When the financial assistance payments cease, or if the amount of payments to the fund exceeds the amount of financial assistance payments, the money allocated to the fund would lapse to the General Fund.

House Amendment "B" to Committee Amendment "A" (H-893) which was not adopted, proposed to reduce the maximum number of slot machines that may be registered in the State from 1,500 as proposed in Committee Amendment A to 50. This amendment proposed to increase the maximum number of slot machines to 1,500 beginning January 1, 2005 if the increase is approved at a referendum to be held in November 2004.

House Amendment "C" to Committee Amendment "A" (H-894) which was not adopted, proposed to remove the Fund to stabilize off-track betting facilities and instead distribute that 2% of the gross slot machine income to the Maine Tribal Fund, to be administered by the Department of Economic and Community Development in consultation with the council of the Penobscot Nation, the Joint Tribal Council of the Passamaquoddy Tribe and the council of the Houlton Band of Maliseet Indians to expand housing and access to health care for Maine's Indian tribes and economic development of the territories of Maine's Indian tribes.

House Amendment "D" to Committee Amendment "A" (H-895) which was not adopted, proposed to change the allocation of the total gross slot machine income by reducing the amount retained by slot machine operators by 3%, increasing to 42% the percentage of total gross slot machine income that slot machine operators would be

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required to distribute. The additional 3% would be distributed evenly between the Maine Residents Property Tax Program and municipal general assistance programs.

House Amendment "E" to Committee Amendment "A" (H-896) which was not adopted, proposed to create the Fund to Encourage Racing at Maine's Commercial Tracks and distribute 4% of the gross slot machine income to this fund.

This amendment proposed to remove the fund and the distribution to that fund and instead increase the distribution to the University of Maine System Scholarship Fund by one percent to 3% and the Maine Community College System to fund scholarships by one percent to 2%. The balance, 2%, would be distributed to the program established to provide low-cost prescription and nonprescription drugs, medication and medical supplies to disadvantaged, elderly and disabled individuals.

House Amendment "F" to Committee Amendment "A" (H-897) which was not adopted, proposed to provide for an additional distribution of 4% of the total gross slot machine income, which would be required to be deposited in the General Fund, thus increasing the percentage of the total gross slot machine income distributed by slot machine operators to 43%.

House Amendment "G" to Committee Amendment "A" (H-898) which was not adopted, proposed to reduce the allocation to the Fund to Stabilize Off-track Betting Facilities to 1% and allocate the other 1% to the Governor Baxter School for the Deaf Compensation Fund.

The amendment would also add an appropriations and allocations section.

Senate Amendment "A" (S-519) which was adopted, proposed to prohibit the use of a credit card or debit card to play slot machines.

Senate Amendment "C" to Committee Amendment "A" (S-515) which was adopted, proposed to require the Gambling Control Board to use a central site monitoring system that, in addition to having other features determined necessary by the board, would have the ability to support all slot machines licensed for operation in the State, including progressive slot machines, use a widely accepted gaming industry protocol to facilitate slot machine manufacturers' ability to communicate with the central site monitoring system, allow the slot machine operator to install independent player tracking systems and have backup components. In selecting the central site monitoring system, the board would be required to select the system with the lowest overall cost that meets these requirements. As proposed in this amendment, if the board contracts with a 3rd party to operate the central site monitoring system, that 3rd party must meet the same suitability requirements as others seeking to obtain a license for gambling-related activities.

Enacted Law Summary

Public Law 2003 chapter 687 amends Initiated Bill 2003, chapter 1 as approved by the voters at referendum in November 2003, which allowed for the operation of slot machines at commercial harness racing tracks.

Public Law 2003, chapter 687 provides that commercial tracks are eligible for a slot machine license if the municipality where the slots will be operated approved the operation of slot machines at referendum by December 31, 2003. Under this law, a commercial track with a slot machine license must continue to conduct harness racing as a condition of operating slot machines. The initial license for slot machine operators and distributors is \$200,000 with an additional fee for operators of \$75,000, \$25,000 of which goes directly to the host municipality.

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This law provides for municipal approval for the renewal of a slot machine license requires the slot machine operator to enter into an agreement with the host municipality that provides for the revenue sharing and security plan for the licensed facility.

Public Law 2003, chapter 687 creates a five-member Gambling Control Board within the Department of Public Safety to regulate the operation, distribution, maintenance and licensing of slot machines at commercial harness racing tracks. Members of the Gambling Control Board are appointed by the Governor and approved by the Senate. This law creates a framework through which the board will regulate and monitor slot machine operators, distributors and gambling service providers and their employees. The board must employ a central site monitoring system that allows only the board or its contractors to program the machines as part of the regulatory framework. This system must be compatible with all slot machines licensed for operation in the state and use widely accepted gaming industry protocol to facilitate the slot machine manufacturers ability to communicate with the central monitoring system.

Under this law the total number of slot machines that may be registered in the state is 1500. The payback percentage to the players must be 89% and the use of credit or debit cards to play slot machines is prohibited. One percent of the amount deposited by persons playing the slot machines, the "coin-in", must be allocated to the General Fund for the administrative costs of the Gambling Control Board. The remaining 10%, the total gross slot machine income, is divided as follows:

Sixty-one percent to the slot machine operator;

Three percent to the General Fund for administrative expenses of the board, including gambling addiction counseling services;

Ten percent to supplement harness racing purses;

Three percent to the Sire Stakes Fund;

Three percent to the Agricultural Fair Support Fund;

Ten percent to the Fund for a Healthy Maine for prescription drug benefits;

Two percent for University of Maine System scholarships;

One percent for Maine Community College System scholarships;

Four percent to the Fund to Encourage Racing at Maine's Commercial Tracks;

Two percent to the Fund to Stabilize Off-track Betting Facilities, to be reduced to 1% after 4 years with the remaining 1% going back to the General Fund; and

One percent to the host municipality.