

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Increase Gaming Opportunities for Charitable Veterans' Organizations**

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 5 MRSA §20006-B, sub-§1**, as amended by PL 2011, c. 657, Pt. AA, §24, is further amended to read:

**1. Fund established.** The Gambling Addiction Prevention and Treatment Fund, referred to in this section as "the fund," is established for the purpose of supporting gambling addiction analysis, prevention and treatment to be administered by the department. The fund is a dedicated, nonlapsing fund into which payments are received in accordance with Title 8, section 1036, ~~subsection~~subsections 2 and 2-D.

**Sec. 2. 8 MRSA §1001, sub-§13-B** is enacted to read:

**13-B. Eligible organization.** "Eligible organization" means a charitable nonprofit organization that:

A. Is a veterans' organization exempt from taxation under the United States Internal Revenue Code of 1986, Section 501(c)(19);

B. As of October 1, 2013 has been conducting gaming under Title 17, chapter 13-A or 62 for at least 2 consecutive years; and

C. Has owned, rented or leased for a minimum of 2 consecutive years the premises that serve as the primary location of the organization's administrative operations, and the premises are located in a municipality in which the voters have approved in a referendum election the operation of slot machines by a charitable nonprofit veterans' organization.

**Sec. 3. 8 MRSA §1011, sub-§2-C** is enacted to read:

**2-C. Organizations eligible for slot machine operator license.** Beginning January 1, 2016, the board may accept an application for a license to operate slot machines from an eligible organization. The application process is governed by this subsection.

A. An eligible organization shall submit an application demonstrating that it is a charitable nonprofit veterans' organization eligible for a license to operate slot machines. A refundable administrative deposit of \$2,500 must accompany the application. The eligible organization must:

(1) Demonstrate that a majority of the revenue, after deductions for reasonable expenses, generated from gaming conducted under Title 17, chapter 13-A or 62 has been used for the charitable purposes of the eligible organization;

(2) Demonstrate that the premises on which the slot machines will be operated have been owned, rented or leased for at least 2 consecutive years, serve as the primary location of the organization's administrative operations and are located in a municipality in which the voters have approved in a referendum election the operation of slot machines by a charitable nonprofit veterans' organization;

(3) Demonstrate that it has reserved in a segregated account at least \$1,000 in cash for each slot machine the eligible organization intends to operate if issued a license;

(4) Identify and submit to the board a list of the charitable purposes for which the revenue from the operation of the slot machines will be used; and

(5) Meet other criteria established by the board by rule regarding the licensing and operation of slot machines.

B. The board may not issue a license to an eligible organization unless that eligible organization demonstrates compliance with the qualifications and requirements of sections 1016 and 1019 and demonstrates that there is no electronic video machine, as defined by Title 17, section 1831, subsection 4, or similar machine on the premises where the slot machines will be operated. As used in this paragraph, "electronic video machine" and "similar machine" do not include a machine that dispenses preprinted lucky seven or similar sealed tickets that the eligible organization is licensed to sell under Title 17, chapter 62.

C. If at any time the number of applications received by the board exceeds the number of slot machine licenses that may be granted pursuant to section 1020, subsection 3, paragraph D, the board may use a lottery system, as developed by rule, to determine the order in which the applications will be considered.

D. Prior to January 1, 2016, an eligible organization that seeks to obtain a license to operate slot machines may file a declaration of intent with the board, accompanied by a \$125 fee. The declaration of intent must include the following:

(1) The name and address of the treasurer of the eligible organization and the name of at least one official on the governing board of the eligible organization who will submit the application to the board;

(2) A copy of the deed, rental agreement or lease agreement for the premises where the eligible organization intends to operate the slot machines;

(3) State and federal tax returns of the eligible organization for the immediately prior 2 calendar years; and

(4) Copies of disposition of funds reports from the operation of games of chance or beano conducted by the eligible organization for the immediately prior 2 calendar years.

This paragraph is repealed January 1, 2016.

**Sec. 4. 8 MRSA §1011, sub-§4**, as amended by PL 2005, c. 663, §6, is further amended to read:

**4. Requirement for license; agreement with municipality where slot machines are located.** ~~A~~Except for a slot machine operator that is an eligible organization, 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.

**Sec. 5. 8 MRSA §1016, sub-§1, ¶D**, as amended by PL 2013, c. 212, §15, is further amended to read:

D. In the case of a person, other than an eligible organization, applying to be a slot machine operator or casino operator, the person has sufficient knowledge and experience in the business of operating slot machines or casinos to effectively operate the slot machine facilities or casino to which the license application relates in accordance with this chapter and the rules and standards adopted under this chapter; and

**Sec. 6. 8 MRSA §1016, sub-§3**, as amended by PL 2013, c. 212, §21, is further amended to read:

**3. Applicant other than individual.** If the person, other than an eligible organization, required to meet the qualifications and suitability requirements specified in subsections 1, 1-A and 2 is a business organization, the key executives, directors, officers, partners, shareholders, creditors, owners and associates of the person must meet the suitability requirements specified in subsection 2. For an eligible organization required to meet the qualifications and suitability requirements specified in subsections 1, 1-A and 2, at least 2 officers of the governing board of the eligible organization, of whom one is the treasurer, must meet the suitability requirements specified in subsection 2.

**Sec. 7. 8 MRSA §1017, sub-§1-A** is enacted to read:

**1-A. Exception for eligible organization.** Notwithstanding the requirements of subsection 1 regarding about whom the information must be supplied, an application submitted by an eligible organization must include the information required by subsection 1 for at least one officer with decision-making authority in the eligible organization and the treasurer of the eligible organization.

**Sec. 8. 8 MRSA §1018, sub-§1**, as amended by PL 2011, c. 417, §4, c. 469, §5 and c. 585, §§5 and 6, is further amended to read:

**1. Fees.** The application fee for a license and the annual fee for a registered slot machine or table game under this chapter are as set out in this subsection.

A. Except for slot machines operated as part of a training and education program as provided by section 1011, subsection 1-B, the initial registration fee for a registered slot machine is \$100. The annual renewal fee is \$100 for each registered slot machine.

A-1. Except for table games operated as part of a training and education program as provided by section 1011, subsection 1-B, the initial registration fee for a registered table game is \$100. The annual renewal fee is \$100 for each registered table game.

B. The initial application fee for a slot machine distributor license is \$200,000. The annual renewal fee is \$75,000.

B-1. The initial application fee for a table game distributor license is \$5,000. The annual renewal fee is \$1,000.

C. ~~The~~Except as provided in paragraph C-2, the initial application fee for a slot machine operator license is \$200,000. ~~The, and the~~ annual renewal fee is \$75,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing slot machine operators and determined by dividing the costs of administering the slot machine operator licenses by the total number of slot machine operators licensed by the board.

C-1. The initial application fee for a casino operator license is \$225,000, except that the initial application fee for an applicant that is a commercial track that was licensed to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing casino operators and determined by dividing the costs of administering the casino operator licenses by the total number of casino operators licensed by the board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000 for the privilege to operate each gaming table for a period of 20 years as long as the casino operator is licensed. Each gaming table is also subject to an annual gaming table renewal fee of \$1,000. The gaming table fees authorize the casino operator to conduct any authorized table game at the gaming table during the 20-year period. A casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not required to pay the gaming table fees until after one calendar year of table game operation. Fees collected in accordance with this paragraph must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account.

C-2. The initial application fee for a slot machine operator license for an eligible organization is \$500. The annual renewal fee is \$175.

D. The annual application fee for a license for a gambling services vendor is \$2,000.

E. The initial application fee for an employee license under section 1015 is \$250. The annual renewal fee is \$25.

In addition to the application fee for a license or annual fee for a registered slot machine or table game, the board may charge a one-time application fee for a license or registration listed in paragraphs A to C-1, D and E in an amount equal to the projected cost of processing the application and performing any background investigations. If the actual cost exceeds the projected cost, an additional fee may be charged to meet the actual cost. If the projected cost exceeds the actual cost, the difference may be refunded to the applicant. All fees collected pursuant to this section must be deposited directly to the Administrative Expenses Other Special Revenue Funds account, which is a dedicated nonlapsing account within the Gambling Control Board, except that \$25,000 of the annual renewal fee for a slot machine operator or casino operator must be deposited to the Gross Slot Income Other Special Revenue Funds account within the Gambling Control Board to be transferred to the municipality in which the slot machine facility or casino is operated, in accordance with subsection 2. All application and registration fees are nonrefundable and are due upon submission of the application.

**Sec. 9. 8 MRSA §1019, sub-§6**, as amended by PL 2011, c. 417, §5, is further amended to read:

**6. Proximity of licensed casinos and slot machine facilities.** Except for a license issued to an eligible organization to operate slot machines, a casino operator license or slot machine operator license may not be issued under this chapter to operate any casino or slot machine facility located within 100 miles of a licensed casino or slot machine facility. This subsection does not prohibit a commercial track that was licensed to operate slot machines on January 1, 2011 from obtaining a casino operator license for the same facility where slot machines were operated as of January 1, 2011.

**Sec. 10. 8 MRSA §1019, sub-§7**, as amended by PL 2011, c. 417, §6, is further amended to read:

**7. Statewide and county referendum; municipal vote.** After January 1, 2011, any proposed casino or slot machine facility may not be issued a license unless it has been approved by a statewide referendum vote and a vote of the municipal officers or municipality in which the casino or slot machine facility is to be located, except that a commercial track licensed to operate slot machines on January 1, 2011 is only required, as a condition to obtain a casino license, to receive approval to operate a casino by means of a referendum of the voters of the county in which the commercial track is located. This subsection does not apply to the issuance of a license to an eligible organization to operate slot machines under section 1011, subsection 2-C.

**Sec. 11. 8 MRSA §1019, sub-§§8 and 9** are enacted to read:

**8. Maintenance contract required for eligible organization licensed to operate slot machines.** An eligible organization licensed to operate slot machines in accordance with this chapter shall enter into a contract with a slot machine distributor or, with approval of the board, a 3rd party for the maintenance of slot machines.

**9. Segregated account for net slot machine income distribution by eligible organization.** In accordance with rules established by the board, an eligible organization licensed to operate slot machines in accordance with this chapter shall establish a segregated account for the deposit of net slot machine income as required by section 1036, subsection 2-D. The board may require that the segregated account for the deposit of net slot machine income include authorization for the board to make withdrawals to ensure compliance with the distributions required by section 1036, subsection 2-D.

**Sec. 12. 8 MRSA §1020, sub-§2, ¶G,** as amended by PL 2013, c. 212, §24, is further amended to read:

G. Must have a minimum average daily aggregate payback percentage of 89% computed for all slot machines operated at each slot machine facility or casino on a quarterly basis. A slot machine operated by an eligible organization must have a minimum average daily aggregate payback percentage of 80% computed for all slot machines operated on the premises of the eligible organization on a quarterly basis; and

**Sec. 13. 8 MRSA §1020, sub-§3,** as amended by PL 2011, c. 585, §8, is further amended to read:

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

A. Except for slot machines used for training and educational purposes at postsecondary institutions as provided by section 1011, subsection 1-B, the total number of slot machines registered in the State may not exceed 3,000; and

B. A slot machine operator may not operate more than 1,500 slot machines at any one commercial track and a casino operator may not operate more than 1,500 slot machines at a casino;

C. An eligible organization licensed in accordance with this chapter may not operate more than 3 slot machines on the premises of that eligible organization; and

D. Prior to January 1, 2017, the total number of slot machines operated by all eligible organizations licensed in accordance with this chapter may not exceed 80. Beginning January 1, 2017, the total number of slot machines operated by all eligible organizations licensed in accordance with this chapter may not exceed 150.

**Sec. 14. 8 MRSA §1031-A** is enacted to read:

**§ 1031-A. Eligible organization; age limit on slot machine use; play limited to members and guests; access by minors; credit prohibited**

Notwithstanding the provisions of section 1031, the following provisions apply to the operation of slot machines by an eligible organization.

**1. Minimum age.** An eligible organization may not permit a person under 21 years of age to play a slot machine.

**2. Play limited to members and guests.** When slot machines are operated, there must be one member of the eligible organization present for every 2 nonmembers present.

**3. Placement of slot machines.** A slot machine operated by an eligible organization may be located only on the premises of that eligible organization. Slot machines may be placed only in an area from which persons under 21 years of age are prohibited except during events when slot machines are not operational.

**4. Credit prohibited.** An eligible organization may not allow a person to use a credit card or debit card to play a slot machine.

**Sec. 15. 8 MRSA §1035,** as amended by PL 2011, c. 585, §10, is further amended to read:

### **§ 1035. Location of slot machines**

Slot machines may be located only on the premises of an eligible organization licensed in accordance with this chapter, the premises of a commercial track, the premises of a casino or the premises of an accredited postsecondary institution for the purposes of training and education under section 1011, subsection 1-B. For the purposes of this section, "premises of a commercial track" means property owned by the person who owns the property on which a commercial track is located and that is either within 200 feet of the outside edge of the racing oval or, if the commercial track was owned by a municipality when a license to operate slot machines in association with that commercial track was issued, within 2,000 feet of the center of the racing oval.

**Sec. 16. 8 MRSA §1036, sub-§2-D** is enacted to read:

**2-D. Distribution of slot machine income from eligible organization.** An eligible organization shall collect and distribute 30% of net slot machine income from slot machines operated by the eligible organization to the board for distribution by the board as follows:

**A. Ten percent of the net slot machine income must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account;**

**B. Eight percent of the net slot machine income must be deposited to the General Fund;**

**C. Two percent of the net slot machine income must be credited to the Gambling Addiction Prevention and Treatment Fund established by Title 5, section 20006-B; and**

**D. Ten percent of the net slot machine income must be forwarded directly to the municipality where the slot machines are located.**

Net revenue from the operation of slot machines by eligible organizations after the distributions required in paragraphs A to D must be used to support the charitable purposes identified to the board under section 1011, subsection 2-C, paragraph A, except that the net revenue may be used to pay compensation and defray expenses in the same manner as prescribed for revenue from games of chance by Title 17, section 1838.

## SUMMARY

This bill permits the Department of Public Safety, Gambling Control Board, beginning January 1, 2016, to issue a license to a charitable nonprofit organization that is a veterans' organization that is tax-exempt under the United States Internal Revenue Code of 1986 to operate up to 3 slot machines on premises that have been owned, rented or leased by the organization for at least 2 consecutive years, that serve as its primary administrative operations headquarters and that are located in a municipality that has, by referendum of the voters, approved the operation of slot machines in that municipality. The charitable nonprofit veterans' organization must be able to demonstrate that it has a cash reserve of \$1,000 for each machine the organization intends to operate.

A charitable nonprofit veterans' organization that wishes to apply prior to January 1, 2016 may file a declaration of intent to apply with the Gambling Control Board. An application must include a refundable \$2,500 deposit. The initial application fee for a slot machine operator license is \$500, and the annual renewal fee is \$175.

A slot machine operated by a charitable nonprofit veterans' organization is subject to the same central site monitoring that applies to casinos and slot machine facilities at harness racing tracks. The total number of slot machines allowed to be operated by charitable nonprofit veterans' organizations statewide between January 1, 2016 and December 31, 2016 is 80; beginning January 1, 2017 the number increases to 150.

The bill provides that 10% of the net slot machine income from a charitable nonprofit veterans' organization is required to be deposited directly with the Gambling Control Board for administrative expenses; 8% goes directly to the General Fund; 10% goes to the host municipality; and 2% is dedicated to gambling addiction prevention and treatment. A charitable nonprofit veterans' organization that is licensed to operate slot machines is required to establish a separate account, from which the board may withdraw funds to distribute the net revenue percentages. The remaining revenue generated from the slot machines must be used to support the charitable purposes of the veterans' organization.