

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 Stimulate Economic Development and Create Jobs by Amending the Laws Governing Gaming**

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

**Sec. 1. 8 MRSA §1011, sub-§2-B**, as enacted by PL 2011, c. 699, §1, is repealed.

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

**2-C. Licenses for a slot machine facility or casino issued after January 1, 2015.**

Beginning January 1, 2015, the board may not accept any application for an initial license to operate a slot machine facility, casino or any other gambling facility for which the board has licensing authority where slot machines or table games may be operated unless that application is submitted by a successful bidder selected as prescribed by section 1011-A to operate a slot machine facility, casino or other gambling facility for which the board has licensing authority. This subsection does not apply to a casino licensed for operation in the State as of December 31, 2014 unless the operator to whom that casino license is issued changes.

**Sec. 3. 8 MRSA §1011, sub-§3**, as amended by PL 2011, c. 417, §3, is further amended to read:

**3. Requirements for license; continued commercial track licensure.** The board may not issue a license to operate a slot machine facility or a casino to any person unless that person demonstrates compliance with the qualifications set forth in sections 1016 and 1019. To maintain eligibility for a slot machine operator license or a casino operator license under subsection 2-A issued to a commercial track with slot machines, a licensed commercial track must at all times maintain a license to operate a commercial track without lapse, suspension or revocation. This subsection applies to a commercial track that is issued a license by the board as a successful bidder pursuant to the competitive bid process prescribed by section 1011-C.

**Sec. 4. 8 MRSA §§1011-A to 1011-J** are enacted to read:

**§ 1011-A. Commissioner of Administrative and Financial Services to administer competitive bidding for privilege to submit application to operate; applications considered by board**

Notwithstanding any provision of this chapter to the contrary, the Commissioner of Administrative and Financial Services may, consistent with the competitive bid process set out in Title 5, chapter 155, subchapter 1-A, administer a competitive bid process for the privilege to operate a casino in each region as described in section 1011-B. A successful bidder is awarded the privilege to operate a casino subject to the consideration and approval of an application submitted to the board in accordance with this chapter.

**§ 1011-B. Regions established; operator licenses limited to one per region**

The board may not issue more than one license for the operation of a slot machine facility, casino or any other gambling facility for which the board has licensing authority per region as described by this section.

**1. Region 1.** Region 1 comprises the County of York and the Town of Scarborough in Cumberland County.

**2. Region 2.** Region 2 comprises the counties of Oxford, Franklin, Androscoggin and Kennebec and the County of Cumberland excluding the Town of Scarborough.

**3. Region 3.** Region 3 comprises the counties of Penobscot, Somerset, Waldo, Lincoln, Sagadahoc and Knox.

**4. Region 4.** Region 4 comprises the counties of Washington and Hancock.

**5. Region 5.** Region 5 comprises the counties of Aroostook and Piscataquis.

### **§ 1011-C. Region 1 minimum bid and facility requirements; fees**

**1. Region 1 casino.** No sooner than January 1, 2016 and no later than March 31, 2016, the Commissioner of Administrative and Financial Services shall solicit bids for the privilege to operate a casino in Region 1 as described by section 1011-B. Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee must be used to mitigate the costs of administering the competitive bid process and meet the costs of the board for processing the successful bidder's application and the performance of necessary background checks and investigations. The minimum bid for a casino operator license pursuant to this section is \$50,000,000. When considering bids for a proposed casino, the commissioner shall give preference to a bidder who is working with or on behalf of an operator of an existing commercial harness racing track located within the region. A proposal for a casino submitted subject to the competitive bid process must include:

- A. A casino design that allows for the operation of at least 750 slot machines and 20 table games;
- B. A design for hotel accommodations that include at least 100 high-quality guest rooms and conference space; and
- C. At least one full-service restaurant.

### **§ 1011-D. Region 2 minimum bid and facility requirements; fees**

**1. Region 2 casino.** If a casino operated in Region 2 as of January 1, 2015 ceases operation, the Commissioner of Administrative and Financial Services shall solicit bids for the privilege to operate a casino in Region 2 as described by section 1011-B. Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee must be used to mitigate the costs of administering the competitive bid process and meet the costs of the board for processing the successful bidder's application

and the performance of necessary background checks and investigations. The minimum bid for a casino operator license pursuant to this section is \$15,000,000. A proposal for a casino submitted subject to the competitive bid process must include:

- A. A casino design that allows for the operation of at least 750 slot machines and 20 table games;
- B. A design for hotel accommodations that include at least 100 high-quality guest rooms and conference space; and
- C. At least one full-service restaurant.

### **§ 1011-E. Region 3 minimum bid and facility requirements; fees**

**1. Region 3 casino.** If a casino operated in Region 3 as of January 1, 2015 ceases operation, the Commissioner of Administrative and Financial Services shall solicit bids for the privilege to operate a casino in Region 3 as described by section 1011-B. Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee must be used to mitigate the costs of administering the competitive bid process and meet the costs of the board for processing the successful bidder's application and the performance of necessary background checks and investigations. The minimum bid for a casino operator license pursuant to this section is \$15,000,000. A proposal for a casino submitted subject to the competitive bid process must include:

- A. A casino design that allows for the operation of at least 750 slot machines and 20 table games;
- B. A design for hotel accommodations that include at least 100 high-quality guest rooms and conference space; and
- C. At least one full-service restaurant.

### **§ 1011-F. Region 4 minimum bid and facility requirements; fees**

**1. Region 4 casino.** No sooner than January 1, 2016 and no later than March 31, 2016, the Commissioner of Administrative and Financial Services shall solicit bids for the privilege to operate a casino in Region 4 as described by section 1011-B. Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee must be used to mitigate the costs of administering the competitive bid process and meet the costs of the board for processing the successful bidder's application and the performance of necessary background checks and investigations. The minimum bid for a casino operator license pursuant to this section is \$5,000,000. When considering bids for a proposed casino, the commissioner shall give preference to a federally recognized Indian tribe in the State that was eligible to operate high-stakes beano on January 1, 2014. A proposal for a casino submitted subject to the competitive bid process must include:

- A. A casino design that allows for the operation of at least 500 slot machines and 10 table games;
- B. A design for hotel accommodations that include at least 50 high-quality guest rooms and conference space; and

C. At least one full-service restaurant.

### **§ 1011-G. Region 5 minimum bid and facility requirements; fees**

**1. Region 5 casino.** No sooner than January 1, 2018 and no later than March 31, 2018, the Commissioner of Administrative and Financial Services shall solicit bids for the privilege to operate a casino in Region 5 as described by section 1011-B. Submitted bids must be accompanied by a \$225,000 nonrefundable privilege fee. The privilege fee must be used to mitigate the costs of administering the competitive bid process and meet the costs of the board for processing the successful bidder's application and the performance of necessary background checks and investigations. The minimum bid for a casino operator license pursuant to this section is \$5,000,000. When considering bids for a proposed casino, the commissioner shall give preference to a federally recognized Indian tribe in the State that was eligible to operate high-stakes beano on January 1, 2014. A proposal for a casino submitted subject to the competitive bid process must include:

- A. A casino design that allows for the operation of at least 500 slot machines and 10 table games;
- B. A design for hotel accommodations that include at least 50 high-quality guest rooms and conference space; and
- C. At least one full-service restaurant.

### **§ 1011-H. Slot machine and table game operation contingent upon facility construction**

A casino operator licensed pursuant to section 1011-C, 1011-D, 1011-E, 1011-F or 1011-G may not begin operation of slot machines or table games prior to the payment of the license fee in full and completion of all phases of construction of the facility proposed in the bid submitted to the board.

### **§ 1011-I. License fees for casinos authorized by competitive bid deposited to General Fund**

License fees submitted by successful bidders for a casino who have been issued a license by the board pursuant to the competitive bid process in section 1011-A must be deposited into the General Fund.

### **§ 1011-J. License term for casinos authorized by competitive bid**

Notwithstanding section 1018, the bid submitted by the successful bidder who is subsequently granted a casino operator license by the board pursuant to the competitive bid process in section 1011-A entitles the operator to a casino operator license for a period of 20 years. After 20 years, the operator shall negotiate with the board for a fee, not less than the fee proposed in the submitted bid, that will authorize continued operation of the casino.

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

C-1. The initial application fee for a casino operator license is \$225,000, except that the initial application fee for an applicant that is a commercial track that was licensed to operate slot machines as of January 1, 2011 is \$25,000. The 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. This paragraph does not apply to casinos authorized pursuant to a competitive bid process under section 1011-A and licensed by the board after January 1, 2015.

**Sec. 6. 8 MRSA §1018, sub-§1-A,** as enacted by PL 2011, c. 699, §2, is repealed.

**Sec. 7. 8 MRSA §1018, sub-§2,** as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

**2. Term of license; renewal, renewal fees.** Except as provided by section 1011-J, licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required by subsection 1, paragraph C to the municipality in which the slot machines are operated.

**Sec. 8. 8 MRSA §1018, sub-§3,** as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

**3. Not transferable; applicant must be operator.** A license issued under this chapter is not transferable or assignable and is valid only when used by the applicant at the location specified in 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.** 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. This subsection does not apply to a casino operator license issued pursuant to a competitive bid process under section 1011-A in Region 1 and Region 4 as described by section 1011-B.

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

**Sec. 11. 8 MRSA §1020, sub-§3, ¶A**, as amended by PL 2011, c. 585, §8, is further amended to read:

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

**Sec. 12. 8 MRSA §1036-A** is enacted to read:

**§ 1036-A. Distribution of slot machine and table game income from casino in Region 1 licensed pursuant to competitive bidding**

Notwithstanding section 1036, subsections 1, 2, 2-A, 2-B and 2-C, upon the operation of a casino in Region 1 licensed pursuant to competitive bidding in accordance with section 1011-C, each casino or slot machine facility licensed under this chapter by the board shall collect and distribute income from the operation of slot machines and table games as required by this section.

**1. Distribution of slot machine income from all casinos and slot machine facilities upon operation of a casino in Region 1 issued a license pursuant to competitive bidding.** Upon the operation of a casino in Region 1 licensed pursuant to competitive bidding pursuant to section 1011-C, each slot machine facility and casino licensed under this chapter shall submit 1% of gross slot machine income to the Treasurer of State for deposit in the General Fund. A casino operator shall submit 39% of net slot machine income to the board, which shall distribute that income as follows:

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

C. One percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located;

D. Two percent of the net slot machine income must be forwarded directly, in equal proportion, to each municipality abutting the municipality in which the slot machines are located;

E. Two percent of the net slot machine income must be forwarded directly to the county in which the slot machines are located;

F. Ten percent of the net slot machine income must be forwarded directly by the board to the Treasurer of State, who shall credit the money to the Department of Education, to be used to supplement and not to supplant funding for essential programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

G. Five percent of the net slot machine income must be forwarded by the board to the Finance Authority of Maine to be used for grants for students under the Maine State Grant Program established in Title 20-A, chapter 419-A;

H. Seven percent of the net slot machine income must be forwarded by the board to the Department of Economic and Community Development to be distributed as follows:

(1) Three percent of the net slot machine income must be forwarded to the Finance Authority of Maine for economic development programs under Title 10, sections 1023-C, 1026-L, 1026-M and 1026-N;

(2) Three percent of the net slot machine income must be forwarded to the Maine International Trade Center established by Title 10, chapter 107-B; and

(3) One percent of the net slot machine income must be used for the Governor's Jobs Initiative Program under Title 26, section 2031;

I. Five percent of the net slot machine income must be forwarded by the board to the Department of Agriculture, Conservation and Forestry to be distributed as follows:

(1) One percent of the net slot machine income must be deposited in the agricultural development fund under Title 7, section 306-A;

(2) One percent of the net slot machine income must be deposited in the Stipend Fund under Title 7, section 86; and

(3) Three percent of the net slot machine income must be used for the horsemen's purse share pursuant to section 292;

J. Two percent of the net slot machine income must be forwarded by the board to the Department of Labor for the purpose of supporting existing and establishing new locations throughout the State to facilitate workforce training and career development services; and

K. Two percent of the net slot machine income must be divided equally among and forwarded to federally recognized Indian tribes in the State who are not licensed under this chapter to operate a casino.

**2. Distribution of table game income from all casinos upon operation of a casino in Region 1 issued a license pursuant to competitive bidding.** Upon the operation of a casino in Region 1 that has been issued a license pursuant to competitive bidding under section 1011-C, each casino licensed under this chapter shall collect and distribute 16% of net table game income from table games operated by the casino operator to the board for deposit in the General Fund.

**3. Use of slot machine income and table game income for other purposes restricted.** Net slot machine income and net table game income required to be forwarded to the board for distribution in accordance with this section may not be used for any other purpose unless specifically authorized. Authorization for use of this income for any other purpose than as prescribed by this section must be provided in a manner that reduces all required distributions in equal proportion.

**4. Failure to deposit funds.** A slot machine operator or casino 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 the operator may be revoked by the board and the slot machines or table games operated by that slot machine operator or casino operator may be disabled, and the slot machines or table games, slot machines' or table games' proceeds and associated equipment may be confiscated by the board and are subject to forfeiture under Title 17-A, section 959 or 960.

**5. 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. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

## SUMMARY

This bill establishes 5 regions in the State for the operation of casinos. Region 1 includes York County and the Town of Scarborough in Cumberland County. Region 2 includes Androscoggin, Franklin, Kennebec, Oxford and Cumberland counties, with the exception of the Town of Scarborough in Cumberland County. Region 3 includes Penobscot, Somerset, Waldo, Lincoln, Sagadahoc and Knox counties. Region 4 includes Washington and Hancock counties. Region 5 includes Aroostook and Piscataquis counties. If a region does not have a casino or if an existing casino ceases operation, the Department of Administrative and Financial Services is required to administer a competitive bid process for the privilege to operate a casino, subject to application to and investigation by the Gambling Control Board. Bids in region 1 are granted preference if the bidder is associated with the operator of an existing commercial harness racing track in that region. Bids in regions 4 and 5 are given preference if the operator is associated with a federally recognized Indian tribe eligible to conduct high-stakes beano in that region. The bill provides for a staggered schedule for the authorization of casinos in regions where casinos are not currently operated. The bill provides for minimum bids and requirements for a minimum number of slot machines, table games and other amenities at a facility in each region. Each bidder is also required to submit a nonrefundable privilege fee intended to mitigate the costs of administering the competitive bid process by the Department of Administrative and Financial Services and meet the costs of background checks and investigations conducted by the Gambling Control Board. The bill establishes distribution of table game and slot machine revenue for casinos and specifies that the revenue must be used for the

purposes specifically described unless otherwise authorized. This distribution will apply to all casinos and slot machine facilities operated in the State as soon as a casino in Region 1 is authorized via the competitive bid process. If an alternative purpose is authorized for the table game or slot machine revenue, all distributions must be reduced in equal proportion.