



127th MAINE LEGISLATURE

LD 1280

LR 1572(02)

An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium referendum costs - General Fund
 Contingent future biennium cost increase - Other Special Revenue Funds
 Contingent current biennium revenue increase - General Fund
 Contingent current biennium revenue increase - Other Special Revenue Funds

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections 2018-19
Appropriations/Allocations				
Other Special Revenue Funds	\$500	\$500	\$500	\$500

Fiscal Detail and Notes

If York and Washington counties choose to hold referendums during the state primary election in June 2016, the Department of Secretary of State would need a General Fund appropriation of \$11,772 for ballot printing costs and postage. If the counties choose to hold referendums during the general election in November 2016, the Department of Secretary of State would need a General Fund appropriation of \$14,464 for ballot printing costs and postage only if the questions require printing a separate ballot.

The bill establishes the Fund to Reform Veterans Services in the Department of Defense, Veterans and Emergency Services with a base Other Special Revenue Funds (OSRF) allocation of \$500 beginning in fiscal year 2015-16 in order to allow the department to spend any monies received.

The bill creates a commission to use a competitive bid process to award the privilege to apply for a casino to a single applicant. Bidders will pay a \$250,000 bidding fee to win the right to be the applicant. The fiscal note assumes this will be credited to the General Fund. The Gambling Control Board will accept an application for a casino license in either York County or Cumberland County from the winning bidder as long as the voters of the county and municipality where the proposed casino will be located have voted to approve a casino. Only one casino, in either York or Cumberland County, may be licensed.

The facility would be taxed at the rate of 46% of net slot income and 16% of net table game income. The bill requires a casino, beginning no sooner than 5 years after operation of slot machines, to make capital improvements to the casino using 3% to 4% of both net slot machine and net table game income or direct those funds to the Gambling Control Board. This fiscal note assumes that the facility will not direct these funds to the Gambling Control Board. This fiscal note assumes a total of 1,000 slot machines and 24 table games, generating an estimated annual revenue of \$31,709,674 in OSRF revenue and \$1,257,931 in General Fund revenue.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$25,000,000, with \$5,000,000 going to the General Fund and \$20,000,000 going into an OSRF account within the Gambling Control Board. \$102,400 will be generated annually from registration fees of \$100 per slot machine and per table game. The \$20,000,000 will remain in the OSRF account for 5 years and then be transferred to the Department of Transportation, Highway and Bridge Capital Program if Oxford Casino and Hollywood Casino continue to operate and provide revenue to host municipalities and counties. If either ceases to operate, then distribution will be made from the OSRF account to compensate municipalities and counties, with the distributions lasting 5 years. Annual state costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510.

WhiteSand Gaming's market feasibility study on expanded gaming in Maine estimated a 20% reduction in revenue to Oxford Casino if a new southern Maine casino were to be opened. This fiscal note assumes the same 20% reduction, resulting in an estimated annual General Fund revenue loss of \$347,495 and OSRF revenue loss of \$5,410,437. An assessment of the impact on revenues generated by Hollywood Casino has not been done at this time.

	Annual Estimate
Summary of Casino Revenue	
Gross Slot Income (total value of money, tokens, credits and other value used to play slots)	\$659,190,000
Player Payback - Slot Income	\$591,293,430
Net Slot Income	\$67,896,570
Share of Net Slot Income for Distribution - 46%	\$31,232,422
Operator Share of Net Slot Income - 54%	\$36,664,148
Net Table Game Income	\$10,844,880
Share of Net Table Game Income for Distribution - 16%	\$1,735,181
Operator Share of Net Table Game Income - 84%	\$9,109,699
 State Revenues by Fund	
General Fund	\$1,257,931
Loss of General Fund Revenue - Oxford Casino	<u>(\$347,495)</u>
Total General Fund Revenue	\$910,436
Casino Operator License	\$5,000,000 (one-time)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
 Other Special Revenue Funds	
Gambling Control Board - Annual Registration Fees	\$102,400
Department of Transportation Highway and Bridge Capital Program	\$13,579,314
Harness Racing Purses	\$4,073,794
Fund to Reform Veterans Services	\$5,808,975
County Where Casino is Located	\$1,357,931

	Annual Estimate
Sire Stakes Fund	\$1,018,449
Agricultural Fair Support Fund	\$1,018,449
Fund to Stabilize Off-track Betting	\$678,966
Municipality Where Casino is Located	\$678,966
Municipality or Municipalities Abutting Casino Municipality	\$678,966
Oxford County	\$678,966
Penobscot County	\$678,966
City of Bangor	\$678,966
Town of Oxford	\$678,966
Gambling Addiction Prevention and Treatment Fund	\$100,000
Loss of Other Special Revenue Funds Revenue - Oxford Casino	<u>(\$5,410,437)</u>
Total Other Special Revenue Funds Revenue	\$26,401,637
Casino Operator License	\$20,000,000 (one-time)
 Total Revenue All Funds	 \$27,312,073
 Summary of Expenditure Impacts to the State	
General Fund	
-- Public Safety	\$421,110
Other Special Revenue Funds	
-- Public Safety	<u>\$102,400</u>
 Total Expenditures	 <u>\$523,510</u>