

**127th MAINE LEGISLATURE****LD 1280****LR 1572(03)****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 current biennium cost increase - Other Special Revenue Funds

Contingent current biennium revenue decrease - General Fund

Contingent current biennium revenue increase - Other Special Revenue Funds

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

<b>Referendum Costs</b>	<b>Month/Year</b>	<b>Election Type</b>	<b>Question</b>	<b>Length</b>
	Nov-15	General	Referendum	Standard
The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions requires production and delivery of a second ballot, an additional appropriation of \$107,250 may be required.				

**Fiscal Detail and Notes**

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 the operation of a resort-style casino. 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 (GCB) will accept applications for a casino license in either York County or Cumberland County from the winning bidder as long as the voters of the 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 40% 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 GCB. This fiscal note assumes that the facility will not direct these funds to the GCB. This fiscal note assumes a total of 1,000 slot machines and 24 table games, generating an estimated annual revenue of \$27,158,628 to the GCB and \$1,735,181 to the Fund to Reform Veterans Services.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$10,000,000 in OSRF revenue in the first year of the casino's operation. The \$10,000,000 will be used to provide revenue to host municipalities and counties receiving distributions from either Hollywood Casino or Oxford Casino. \$250,000 in OSRF revenue will be generated in the fifth year of the casino's operation from the renewal fee for the casino operator license. \$102,400 will be generated annually from the registration fees of \$100 per slot machine and per table game. 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 open. 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.

Under current law, State revenue from both Oxford Casino and Hollywood Casino go to various funds, but this bill directs all State revenue from these casinos to go to the GCB until a distribution of slot machine and table game revenue is established by the Legislature. The new distribution is required to be a uniform distribution of slot machine and table game revenue to each casino, slot machine facility or gambling facility. This results in an estimated annual General Fund revenue decrease of \$8,223,744 and an annual OSRF revenue increase of \$8,223,744.

	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 - 40%	\$27,158,628
Operator Share of Net Slot Income - 60%	\$40,737,942
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

Oxford Casino revenue reduced	(\$347,495)
Oxford Casino revenue was GF, now OSR	(\$1,389,981)
Hollywood Casino revenue was GF, now OSR	(\$6,833,763)
Total General Fund Revenue	(\$8,571,239)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)

##### Other Special Revenue Funds

Gambling Control Board - Net Slot Income	\$27,158,628
Fund to Reform Veterans Services - Net Table Game Income	\$1,735,181
Gambling Control Board - Annual Registration Fees	\$102,400
Oxford Casino revenue reduced	(\$5,410,437)
Oxford Casino revenue was GF, now OSR	\$1,389,981
Hollywood Casino revenue was GF, now OSR	\$6,833,763
Total Other Special Revenue Funds Revenue	\$31,809,516
Casino Operator License - 1st year only	\$10,000,000 (one-time)
License Renewal Fee - due after 5 years	\$250,000 (one-time)

Total Revenue All Funds	\$23,238,277
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#### Summary of State Expenditures

Public Safety - Other Special Revenue Funds	\$523,510
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