



127th MAINE LEGISLATURE

LD 1280

LR 1572(04)

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 decrease - General Fund
- Contingent current biennium revenue increase - Other Special Revenue Funds

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 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 will require 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 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 for the winning bidder as long as the voters of the municipality where the proposed casino will be located have voted to approve a casino.

The facility would be taxed at the rate of 40% of net slot income and 16% of net table game income. The bill would require this 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 \$25,000,000, with \$5,000,000 going to the General Fund and \$20,000,000 going into an OSRF account within the GCB. The \$20,000,000 will be used to maintain the level of revenue distributed to municipalities and counties receiving money from either Oxford Casino or Hollywood Casino. Registration fees will generate \$102,400 in OSRF revenue annually. 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 for each casino, slot machine facility or gambling facility. This will reduce General Fund revenue by an estimated \$8,223,744 annually.

Summary of Casino Revenue	Annual Estimate
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	
<u>General Fund</u>	
Oxford Casino revenue reduced	(\$347,495)
Oxford Casino revenue was GF, now OSR	(\$1,389,981)
Hollywood Casino revenue was GF, now OSR	<u>(\$6,833,763)</u>
Total General Fund Revenue	(\$8,571,239)
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
Casino Operator License	\$5,000,000 (one-time)
<u>Other Special Revenue Funds</u>	
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	<u>\$6,833,763</u>
Total Other Special Revenue Funds Revenue	\$31,809,516
Casino Operator License	\$20,000,000 (one-time)
Total Revenue All Funds	\$23,238,277
Summary of Expenditure Impacts to the State	
Other Special Revenue Funds	
-- Public Safety	<u>\$523,510</u>