



# 127th MAINE LEGISLATURE

LD 1280

LR 1572(05)

## 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 biennium referendum cost - 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

Referendum Costs	Month/Year	Election Type	Question	Length
	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 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 and the voters of the county have not rejected 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 \$28,893,809 annually in Other Special Revenue Funds (OSRF) revenue.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license is \$50,000,000, with \$15,000,000 going to the General Fund and \$35,000,000 going into an OSRF account within the GCB. \$30,000,000 from this license fee will be used to maintain the level of revenue distributed to municipalities and counties receiving money from either Oxford Casino or Hollywood Casino. This \$30,000,000 will 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 Oxford Casino or Hollywood Casino ceases operations within 5 years of commencement of the new casino, then distribution will be made from the OSRF account to compensate host municipalities and counties until the entire \$30,000,000 is distributed. A one-time renewal fee of \$250,000 will be due 20 years after this new casino commences operations. The GCB will generate annual OSRF revenue of \$102,400 from registration fees. 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 Gambling Control Board 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.

	Annual Estimate
<b>Summary of Casino Revenue</b>	
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
 <b>State Revenues by Fund</b>	
<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	\$15,000,000 (one-time)
 <u>Other Special Revenue Funds</u>	
Registration Fees	\$28,893,809
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	\$35,000,000 (one-time)
Renewal Fee - in 20 years	\$250,000 (one-time)
 Total Revenue All Funds	 \$23,238,277
 <b>Summary of Expenditure Impacts to the State</b>	
Other Special Revenue Funds	
-- Public Safety	<u>\$523,510</u>