



# 127th MAINE LEGISLATURE

LD 1280

LR 1572(16)

## 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

Current biennium cost increase - General Fund  
 Contingent future biennium cost increase - General Fund  
 Contingent future biennium revenue decrease - General Fund  
 Contingent future biennium cost increase - Other Special Revenue Funds  
 Contingent future biennium revenue increase - Other Special Revenue Funds

#### Referendum Costs

Month/Year	Election Type	Question	Length
Nov-16	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 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 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 State and the voters of the municipality where the casino will be located vote to approve. Only one casino, in either York or Cumberland County, may be licensed.

The facility would be taxed at the rate of 35% 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 annual capital improvements to the casino using 3% to 4% of both net slot machine income 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 Other Special Revenue Funds (OSRF) revenue of \$25,498,980.

Each non-refundable bid proposal will generate \$250,000 in General Fund revenue. The casino operator license will generate \$10,000,000 in General Fund revenue. The casino operator renewal fee will generate \$250,000 in OSRF revenue every five years. \$126,400 in annual OSRF revenue will be generated from registration fees on slot machines and table games. Annual state costs associated with 5 inspectors, 1 auditor, 1 detective and 1 office specialist and other related expenses are estimated to be \$763,705.

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 \$379,070 and OSRF revenue loss of \$5,932,193 when the southern Maine casino becomes operational. 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 in law. This results in an estimated annual General Fund revenue decrease of \$8,382,405 and an annual OSRF revenue increase of \$8,382,405. The bill requires the new distribution to be 35% of net slot machine revenue and 16% of net table game revenue for both Oxford Casino and Hollywood Casino. This results in an estimated annual General Fund revenue loss of \$4,498,347 and an estimated annual OSRF revenue loss of \$7,028,385. Due to the recipients of future net slot machine and net table game distributions being unknown at this time, there is no current estimate on the amount of net slot machine and net table game revenue that would go to the General Fund and OSRF.

The additional costs to the Office of the Attorney General are expected to be minor.

	<u>Annual</u> <u>Estimate</u>
<u>Summary of Casino Revenue</u>	
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 - 35%	\$23,763,800
Operator Share of Net Slot Income - 65%	\$44,132,771
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
<u>State Revenues by Fund</u>	
<u>General Fund</u>	
Oxford Casino Revenue Reduced	(\$379,070)
Oxford Casino Revenue was GF, now OSRF	(\$1,516,280)
Hollywood Casino revenue was GF, now OSRF	(\$6,866,125)
Total General Fund Revenue	(\$8,761,475)
Casino Operator License - 1st Year Only	\$10,000,000
Bidding Fee - assumes 2 bidders	\$500,000 (one-time)
<u>Other Special Revenue Funds</u>	
Gambling Control Board	\$25,498,980
Registration Fees	\$126,400
Oxford Casino Revenue Was GF, now OSRF	\$1,516,280
Hollywood Casino Revenue was GF, now OSRF	\$6,866,125
Oxford Casino Revenue Reduced	(\$5,932,193)
Total Other Special Revenue Funds Revenue	\$28,075,592
Casino Operator Renewal Fee (every five years)	\$250,000
Total Revenue All Funds	\$19,314,117

Summary of Expenditure Impacts to the State

Other Special Revenue Funds

-- Public Safety

\$126,400

General Fund

-- Public Safety

\$637,305

Total Expenditure Impacts to the State

\$763,705