



# 127th MAINE LEGISLATURE

LD 1280

LR 1572(20)

## An Act To Provide Income Tax Relief by Expanding Gaming Opportunities

**Fiscal Note for Senate Amendment " " to Committee Amendment "E"****Sponsor: Sen. Patrick of Oxford****Fiscal Note Required: Yes**

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### Fiscal Note

Contingent current biennium referendum costs - General Fund  
Contingent current biennium cost increase - Other Special Revenue Funds  
Contingent current biennium revenue increase - General Fund  
Contingent current biennium revenue increase - Other Special Revenue Funds  
Change to tribal revenue

#### Fiscal Detail and Notes

If Washington and Aroostook 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 elect 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 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 \$100,000 bidding fee to win the right to be the applicant. Any bidding fees will be credited to the General Fund. The Gambling Control Board will accept an application for a casino license in either Aroostook County or Washington County from the winning bidder as long as the voters of the county where the proposed casino will be located have voted to approve a casino. Only one casino, in either Aroostook or Washington County, may be licensed. The Department of the Attorney General will also require a General Fund appropriation of \$63,354 in fiscal year 2016-17 for one part-time Assistant Attorney General position dedicated to the Casino Development Commission.

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 2% to 3% 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. The bill limits the number of slot machines to 250 for the first 3 years of the casino's operation, then allows 350 slot machines after that. 250 slot machines and 10 table games for the first 3 years of the casino's operation would generate estimated annual revenue of \$7,166,711 credited to the Gambling Control Board. 350 slot machines and 10 table games starting in the fourth year of the casino's operation would generate estimated annual revenue of \$9,804,000 for the Gambling Control Board. This revenue will be retained within the board until the Legislature decides on a distribution.

Each non-refundable bid proposal will generate \$100,000 in General Fund revenue. The casino operator license will bring in General Fund revenue of \$1,000,000 in the first year and registration fees of \$100 per slot machine and per table game will generate Other Special Revenue Funds revenue of \$36,000 annually. A one-time renewal fee due five years after the casino begins operating will generate Other Special Revenue Funds revenue of \$100,000. Annual State costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$523,510. The Department of Public Safety will require Other Special Revenue Funds allocations of \$523,510 to cover the annual state costs.

Under current law, 4% of net slot machine income from Oxford Casino is directed to the Penobscot Nation and the Passamaquoddy Tribe unless they receive funds from a slot machine facility or casino other than Oxford Casino or Hollywood Casino, in which case Oxford Casino would retain the 4% of net slot machine income. This amendment allows the Penobscot Nation and the Passamaquoddy Tribe to receive the 4% regardless of whether they receive revenue from casinos other than Oxford or Hollywood. This results in an estimated annual revenue increase of \$2,527,134 to the tribes.

This legislation is expected to have only a minor impact on revenues generated by the Hollywood and Oxford casinos.

Summary of Casino Revenue	Annual Estimates	
	Years 1 - 3	Starting in Year 4
Gross Slot Income	\$139,156,250	\$194,818,750
Player Payback - Slot Income	\$124,823,156	\$174,752,419
Net Slot Income	\$14,333,094	\$20,066,331
Operator Share of Net Slot Income - 54%	\$7,739,871	\$10,835,819
Share of Net Slot Income to Gambling Control Board - 46%	\$6,593,223	\$9,230,512
Net Table Game Income	\$3,584,300	\$3,584,300
Operator Share of Net Table Game Income - 84%	\$3,010,812	\$3,010,812
Share of Net Table Game Income to Gambling Control Board - 16%	\$573,488	\$573,488
State Revenues - Other Special Revenue Funds		
Gambling Control Board (from 46% slot and 16% table income)	\$7,166,711	\$9,804,000
Registration fees @ \$100 per slot or table per year	\$26,000	\$36,000
License Renewal Fee - due after 5 years	\$100,000 (one-time)	
State Revenues - General Fund		
Bidding Fee - assumes 2 bidders	\$200,000 (one-time)	
Casino Operator License - 1st year only	\$1,000,000 (one-time)	
Summary of State Expenditures - Other Special Revenue Funds		
Public Safety - Gambling Control Board	\$523,510	\$523,510