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VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 875, L.D. 1279, Bill, "An Act To Authorize Advance Deposit Wagering for Horse Racing"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 8 MRSA §1001, sub-§§1-A and 1-B are enacted to read:

1-A. Advance deposit wagering. "Advance deposit wagering" means a form of pari-mutuel wagering on harness or thoroughbred races in which wagers are made by telephone, via electronic device or in person and the bettor deposits funds in a wagering account administered by an advance deposit wagering licensee from which the advance deposit wagering licensee makes wagers on behalf of the bettor and to which the advance deposit wagering licensee deposits money from winning wagers awarded to the bettor.

1-B. Advance deposit wagering licensee. "Advance deposit wagering licensee" means a person that is chosen by competitive bid and licensed by the board pursuant to subchapter 7 to conduct advance deposit wagering.

Sec. 2. 8 MRSA §1001, sub-§29-C is enacted to read:

29-C. Net commission. "Net commission" means the amount of wagers placed via advance deposit wagering after payment of money from winning wagers to winning bettors less a percentage paid to the board for administrative expenses of the board and less an amount retained by the advance deposit wagering licensee.

Sec. 3. 8 MRSA §1003, sub-§1, ¶J, as amended by PL 2011, c. 469, §1, is further amended to read:

J. Negotiate consent agreements to resolve administrative violations or investigations; and

Sec. 4. 8 MRSA §1003, sub-§1, ¶K, as enacted by PL 2011, c. 469, §2, is amended to read:

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1 K. Ensure that public safety inspectors employed by the board assigned to enforce  
2 the provisions of this chapter at the site of a casino may, in the absence of a sworn  
3 law enforcement officer, detain any person who is suspected of violating any  
4 provision of this chapter. Such detention must comply with federal and state laws  
5 including the provisions of Title 17-A, section 107-; and

6 **Sec. 5. 8 MRSA §1003, sub-§1, ¶L** is enacted to read:

7 L. Regulate, supervise and exercise general control over the operation of advance  
8 deposit wagering in the State.

9 **Sec. 6. 8 MRSA §1003, sub-§2, ¶¶S and T**, as enacted by PL 2003, c. 687, Pt.  
10 A, §5 and affected by Pt. B, §11, are amended to read:

11 S. Prepare and submit to the department a budget for the administration of this  
12 chapter; ~~and~~

13 T. Keep accurate and complete records of its proceedings and certify the records as  
14 may be appropriate-; and

15 **Sec. 7. 8 MRSA §1003, sub-§2, ¶U** is enacted to read:

16 U. Adopt rules relating to the conduct of advance deposit wagering, including but  
17 not limited to the following:

18 (1) Requirements for licensure to conduct advance deposit wagering;

19 (2) The prevention of any fraud or deception upon an advance deposit wagering  
20 account holder;

21 (3) Distributions of account statements to advance deposit wagering account  
22 holders from the advance deposit wagering licensee;

23 (4) Establishing a definition of an abandoned advance deposit wagering account  
24 and provisions for disposition of funds in an abandoned account;

25 (5) Prescribing methods for verifying residency and age of an applicant for an  
26 advance deposit wagering account;

27 (6) Prescribing methods for verifying that an applicant for an advance deposit  
28 wagering account is a natural person and not a custodian, beneficiary, joint trust  
29 corporation or other organization;

30 (7) Prescribing methods by which deposits are made to advance deposit  
31 wagering accounts. The methods prescribed must prohibit the use of the  
32 electronic benefits transfer system administered by the Department of Health and  
33 Human Services under Title 22, chapter 1, subchapter 1-A; and

34 (8) Prohibiting the assignment or transfer of an advance deposit wagering  
35 account from an authorized account holder to another person.

36 Rules initially adopted as required by this paragraph are major substantive rules as  
37 described in Title 5, chapter 375, subchapter 2-A. Rules adopted after the first year  
38 of operation of advance deposit wagering conducted by an advance deposit wagering

1 licensee are routine technical rules as described in Title 5, chapter 375, subchapter  
2 2-A.

3 **Sec. 8. 8 MRSA c. 31, sub-c. 7** is enacted to read:

4 **SUBCHAPTER 7**

5 **ADVANCE DEPOSIT WAGERING**

6 **§1071. Advance deposit wagering license awarded pursuant to competitive bid**

7 The board shall develop a request for proposals for the purpose of awarding one  
8 bidder the privilege to be licensed to conduct advance deposit wagering. The request for  
9 proposals must instruct potential bidders to propose the method by which they will  
10 conduct advance deposit wagering that provides the maximum benefit to the harness  
11 racing industry and the State in a manner that ensures wagering is conducted by residents  
12 of the State who are verified to be 18 years of age or older. A bidder seeking award of a  
13 license to conduct advance deposit wagering shall comply with the requirements  
14 determined by the board. The board shall require that a proposal include a nonrefundable  
15 application fee of \$1,000 and an agreement to pay the costs of the board for processing an  
16 application and performing background investigations, as described in this subchapter.  
17 The board shall ensure that the request for proposals clearly identifies the deadline for  
18 submission and all bid requirements. The board shall follow, as nearly as practicable, the  
19 provisions governing competitive bidding prescribed by Title 5, chapter 155, subchapter  
20 1-A and rules adopted pursuant to that subchapter.

21 **1. Eligible bidders; bid proposal factors.** The board may accept bids from an  
22 entity that for a period of at least 2 years has been licensed to accept wagers on horse  
23 racing as either the operator of a commercial track, as an off-track betting facility  
24 licensed under section 275-D or as an entity licensed in another state to conduct advance  
25 deposit wagering. When considering bids for the privilege to be licensed to conduct  
26 advance deposit wagering, the board shall consider the following:

27 A. The financial suitability of the bidder to operate advance deposit wagering,  
28 including purchase of a bond to secure the accounts of advance deposit wagering  
29 bettors;

30 B. The extent to which the bidder's proposal to conduct advance deposit wagering  
31 will benefit the harness racing industry in the State and the General Fund;

32 C. The percentage of wagers the bidder proposes to pay to the board to cover the  
33 costs of the board for administration and oversight of advance deposit wagering and  
34 to make distributions required under section 1072;

35 D. The adequacy of systems the bidder will use to conduct advance deposit wagering  
36 to ensure that bettors who establish accounts to place bets on horse racing via  
37 advance deposit wagering are 18 years of age or older and residents of the State;

38 E. The likelihood that the bidder will meet the requirements for licensure to conduct  
39 advance deposit wagering as prescribed by the rules of the board;

1 F. The methods by which the bidder will provide access to systems and records to  
2 facilitate adequate monitoring and enforcement by the board; and

3 G. Factors other than those in paragraphs A to F disclosed in the board's request for  
4 proposals that the board determines to be relevant.

5 **2. Bid award factor priorities.** The board shall develop a system of priority by  
6 assigning points to the factors required to be considered under subsection 1.

7 **3. Contract required.** In order to be selected as the winning bidder for the privilege  
8 to be licensed by the board to conduct advance deposit wagering, a person must agree to  
9 enter into a contract with the board that obligates the advance deposit wagering licensee  
10 to the proposals made in the bid submitted in accordance with this section. The contract  
11 must include a framework of reasonable financial penalties for failure of the advance  
12 deposit wagering licensee to comply with the terms of the contract and rules of the board.  
13 The licensee may not conduct advance deposit wagering prior to the execution of the  
14 contract required by this subsection.

15 **4. Application; investigation.** In order to be licensed by the board to conduct  
16 advance deposit wagering, a person that is selected as the winning bidder in accordance  
17 with this subchapter must complete an application using forms developed by the board  
18 and comply with additional requests the board determines necessary to investigate the  
19 suitability of the winning bidder to be issued a license.

20 **5. Authority to conduct advance deposit wagering.** A license issued in  
21 accordance with this subchapter authorizes the licensee to conduct advance deposit  
22 wagering in accordance with the requirements of this subchapter and rules of the board.  
23 A licensee may accept wagers made from advance deposit wagering account holders by  
24 telephone and via electronic device. If a licensee is also licensed to accept wagers on live  
25 or simulcast horse racing as a commercial track or off-track betting facility under this  
26 Title, the licensee may accept in-person advance deposit wagers at the commercial track  
27 or off-track betting facility. A person that facilitates an advance deposit wagering  
28 account on behalf of a resident of this State or accepts wagers on horse races from a  
29 resident of this State without a license is guilty of unlawful gambling under Title 17-A,  
30 chapter 39. Upon notification by an individual, or upon its own motion, the board shall  
31 direct any person that facilitates advance deposit wagering without a license to  
32 immediately cease operations and notify the person that the person may be subject to  
33 prosecution for unlawful gambling.

34 **6. License fee; term.** A license issued pursuant to this subchapter authorizes the  
35 licensee to conduct advance deposit wagering for a period of 5 years. The fee for a  
36 license to conduct advance deposit wagering is \$500. The renewal fee for a license to  
37 conduct advance deposit wagering is \$250.

38 **§1072. Distribution of net commission**

39 The net commission established in the contract executed pursuant to section 1071,  
40 subsection 3 must be distributed according to this section.

41 **1. Distribution of net commission from wagers placed on races conducted in**  
42 **State.** An advance deposit wagering licensee shall collect the net commission from

1 wagers placed on races conducted at tracks in the State and distribute it to the board for  
2 distribution as follows.

3 A. Ten percent of the net commission must be deposited directly to the General  
4 Fund.

5 B. Twenty percent of the net commission must be distributed to all off-track betting  
6 facilities licensed under section 275-D so that each off-track betting facility receives  
7 the same amount.

8 C. One percent of the net commission must be distributed to the Sire Stakes Fund  
9 established under section 281.

10 D. Ten percent of the net commission must be distributed to the Agricultural Fair  
11 Support Fund established under Title 7, section 91 except that, notwithstanding Title  
12 7, section 91, subsection 2, paragraph A, no portion of the distribution required by  
13 this paragraph may be distributed to a commercial track.

14 E. Twenty-four percent of the net commission must be distributed to the fund  
15 established under section 298 to supplement harness racing purses.

16 F. Twenty percent of the net commission must be distributed to the track where the  
17 race upon which the wager was placed was conducted.

18 G. Fifteen percent of the net commission must be distributed to all commercial  
19 tracks, with each commercial track receiving a portion determined by multiplying  
20 that 15% times a fraction, the numerator of which is the minimum number of days of  
21 racing the commercial track is required by law to conduct annually in order to retain  
22 its commercial track license and the denominator of which is the sum of the number  
23 of days of racing all the commercial tracks are required to conduct in order to retain  
24 their commercial track licenses.

25 **2. Distribution of net commission from wagers placed on races conducted**  
26 **outside State.** An advance deposit wagering licensee shall collect the net commission  
27 from wagers placed on races conducted at tracks outside the State and distribute it to the  
28 board for distribution as follows.

29 A. Ten percent of the net commission must be deposited directly to the General  
30 Fund.

31 B. Thirty-six percent of the net commission must be distributed to all off-track  
32 betting facilities licensed under section 275-D so that each off-track betting facility  
33 receives the same amount.

34 C. One percent of the net commission must be distributed to the Sire Stakes Fund  
35 established under section 281.

36 D. Ten percent of the net commission must be distributed to the Agricultural Fair  
37 Support Fund established under Title 7, section 91 except that, notwithstanding Title  
38 7, section 91, subsection 2, paragraph A, no portion of the distribution required by  
39 this paragraph may be distributed to a commercial track.

40 E. Seven percent of the net commission must be distributed to the fund established  
41 under section 298 to supplement harness racing purses.

