

127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative DocumentNo. 1357

H.P. 925

House of Representatives, April 21, 2015

An Act To Implement the Findings of the WhiteSand Gaming Study

Reference to the Committee on Veterans and Legal Affairs suggested and ordered printed.

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative KINNEY of Limington. Cosponsored by Senator VOLK of Cumberland and Representatives: BEAR of the Houlton Band of Maliseet Indians, O'CONNOR of Berwick, RUSSELL of Portland, SIROCKI of Scarborough, VACHON of Scarborough, Senators: DIAMOND of Cumberland, DUTREMBLE of York, VALENTINO of York.

1	Be it enacted by the People of the State of Maine as follows:
2	Sec. 1. 5 MRSA §12004-G, sub-§32-A is enacted to read:
3	<u>32-A.</u>
4 5	Sport and EntertainmentCasino Site Location CommissionLegislative Per Diem and Expenses8 MRSA §1005-A
6	Sec. 2. 8 MRSA §1001, sub-§6-A is enacted to read:
7 8	<u>6-A. Commission.</u> "Commission" means the Casino Site Location Commission created under section 1005-A.
9 10	Sec. 3. 8 MRSA §1003, sub-§2, ¶B, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:
11 12 13 14 15	B. Hear and decide all license and registration applications under this chapter and issues affecting the granting, suspension, revocation or renewal of licenses and registrations, including but not limited to applications received by the board from a person awarded the privilege by the commission to submit an application to operate a casino;
16	Sec. 4. 8 MRSA §1003, sub-§2, ¶B-1 is enacted to read:
17 18	B-1. Hear and decide issues affecting the granting, suspension, revocation or renewal of licenses and registrations;
19	Sec. 5. 8 MRSA §1005-A is enacted to read:
20	§1005-A. Casino Site Location Commission
21 22 23 24 25	1. Establishment. The Casino Site Location Commission, established in Title 5, section 12004-G, subsection 32-A, shall carry out the functions specified in this chapter with regard to awarding the privilege to apply for a casino or slot machine facility license through a competitive bid process. The commission is affiliated with the board as specified in this chapter.
26 27 28 29 30 31	2. Members. The commission consists of 5 members appointed by the Governor. All members must be members of the general public without affiliation to the gaming or hospitality industry. At least 3 of the commission members must have training or experience in at least one of the following fields: corporate finance, economics, law, economic development or accounting. An elected official or candidate for elective office may not serve as a commission member.
32 33 34 35	3. Term of office. Members of the commission serve 3-year terms, except that the Governor shall initially appoint one member for a term of one year, 2 members for a term of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for the remainder of the unexpired term of that member. Members whose terms expire serve

- until their successors are appointed and confirmed. Members may serve no more than 2
 <u>full consecutive terms on the commission.</u>
- 4. Confirmation. Appointees to the commission must be reviewed by the joint
 standing committee of the Legislature having jurisdiction over gambling matters and are
 subject to confirmation by the Senate.
- 6 5. Chair. The commission members shall elect one member to serve as chair for at
 7 least a 2-year term.
- 8 6. Quorum. An action of the commission is not binding unless taken at a meeting at
 9 which at least 3 of the 5 members are present.

10 7. Conflict of interest. In addition to the restrictions imposed pursuant to Title 5, 11 section 18, a commission member may not participate in any matter before the 12 commission in which the commission member has a personal bias or any other conflict of 13 interest as the commission determines, either on the commission's own motion or in 14 response to a written complaint. During a commission member's term of service and for 15 5 years after the end of that commission member's service, any person with a direct and 16 substantial interest in a gambling activity or gambling facility, including accommodations and amenities associated with a gambling facility, may not employ or be represented by 17 18 the commission member or a member of the commission member's immediate family. 19 For the purposes of this subsection, "direct and substantial" means ownership or control 20 of more than 10% of the voting securities of a gambling facility, of an associated accommodation or associated amenity of a gambling facility or of an entity in contract, 21 consort or cooperation with a gambling facility key executive. 22

- 23 Sec. 6. 8 MRSA §1011, sub-§2-B, as enacted by PL 2011, c. 699, §1, is repealed.
- 24 Sec. 7. 8 MRSA §1011, sub-§2-C is enacted to read:

25 **2-C.** Persons eligible for casino operator license on or after January 1, 2015. 26 Beginning January 1, 2015, the board may not accept an application for an initial license 27 to operate a casino, slot machine facility or any other gambling facility for which the 28 board has licensing authority, unless that application is submitted by a successful bidder 29 for the privilege to submit an application to the board chosen pursuant to section 1011-A 30 and the applicant has received approval by the voters of the municipality where the casino 31 will be located to operate a casino.

32 Sec. 8. 8 MRSA §1011-A is enacted to read:

33 §1011-A. Privilege to submit a casino operator license application pursuant to 34 competitive bidding

The commission shall develop a request for proposals designed to encourage vigorous bidding for the purpose of awarding the privilege to submit an application to the board for a casino operator license. The commission shall request bids for the privilege to submit an application to the board for a resort-style casino in the southern region of the State and for the privilege to submit an application to the board for a casino in the northern region of the State. A request for proposals must instruct potential bidders to
 propose the scope of the gambling facility and amenities to be offered in conjunction with
 the facility and how the proposal will ensure that the proposed casino will provide the
 State with socially responsible economic growth while operating as a successful business
 for the operator, considering license fees, minimum capital investment requirements,
 regulatory standards and required rates of revenue distribution.

7 1. Consideration of bids for privilege to submit application to the board for a 8 casino operator license. A bidder seeking consideration of award for the privilege to 9 submit an application to the board for a resort-style casino in the southern region of the 10 State shall comply with the requirements determined by the commission. For the 11 purposes of this section, the southern region of the State includes York County and 12 Cumberland County. The commission shall require that a proposal for the privilege to 13 submit an application to the board for the operation of a casino in the southern region 14 include a nonrefundable application fee of \$250,000 and an agreement to submit a 15 nonrefundable investigative fee of \$100,000 to the board if awarded the privilege to submit an application for a casino. A proposal for the privilege to submit an application 16 17 to the board for the operation of a casino in the northern region of the State must include 18 a nonrefundable application fee of \$100,000 and an agreement to submit a nonrefundable 19 investigative fee of \$100,000 to the board if awarded the privilege to submit an 20 application for a casino. For the purposes of this section, the northern region of the State 21 includes Penobscot County, Washington County and Aroostook County. The commission shall ensure that the request for proposals clearly identifies the deadline for 22 23 submission and all bid requirements.

24 2. Request for proposals requirements; southern region. When considering bids
 25 received in response to a request for proposals prescribed in subsection 1 for the southern
 26 region, the commission shall consider the following:

- 27 <u>A. Business and market factors, including:</u>
- (1) The bidder's commitment and capacity to make an initial minimum capital
 investment of \$250,000,000 for a resort-style casino facility. Land acquisition,
 license fees and off-site improvements are not considered to be part of the
 minimum capital investment;
- 32 (2) The bidder's plan to incorporate a modern commercial track that will be
 33 competitive in the current New England gambling market;
- 34(3) How the bidder's proposal will result in the highest potential benefit and the35highest prospective total revenues to the State from a bidder based upon36documented, expert financial analysis;
- 37(4) The potential gross and net income to be generated by the bidder based upon38documented, expert market analysis;
- 39(5) The extent to which the bidder's market plans suit the character of the region40and the local population in a way that encourages residents of the State to choose41to patronize the bidder's proposed facility as opposed to gambling facilities in42other states;

1 2		(6) The extent to which the bidder's proposed facility can reasonably be expected to serve as a significant regional and national tourism destination;
3 4 5 6		(7) The potential created by the bidder's proposal to create commercial development opportunities in the host location and surrounding communities consistent with historic uses, regional character and local zoning and planning requirements;
7 8 9 10		(8) The bidder's proposed capital investment in a gambling facility, proposed amenities associated with the facility and the timing of capital investment expenditures in terms of ensuring the facility is economically competitive in the State and regionally;
11 12 13		(9) How the bidder's proposal can be expected to preserve existing jobs in the State and the number of net new full-time and part-time jobs that can be expected to be created by the operation of the proposed facility; and
14 15		(10) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to business and market factors;
16	<u>B</u> .	Economic development factors, including:
17 18		(1) The bidder's workforce development plan and the extent to which it will maximize use of the State's existing labor force;
19 20		(2) The impact on economic development, existing and planned, in the region of the proposed facility; and
21 22		(3) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to economic development;
23	<u>C.</u>	Site location factors, including:
24 25		(1) The adequacy of transportation infrastructure surrounding the proposed location of the gambling facility;
26 27		(2) The need for additional public infrastructure expenditures at or immediately surrounding the proposed location of the gambling facility;
28 29 30 31		(3) Any negative impact of the proposed location of the gambling facility on the municipality in which the facility is located, including but not limited to traffic congestion, road safety conditions and increased safety concerns for pedestrian traffic;
32 33		(4) The bidder's proposals for mitigating negative impacts identified under this paragraph; and
34 35		(5) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to site location factors; and
36	<u>D.</u>	Factors other than those listed in paragraphs A to C, including:
37 38 39		(1) The bidder's plan to identify, address and minimize the potential for and existence of negative consequences associated with gambling and the operation of the bidder's proposed facility, including but not limited to a financial

1 2	commitment to efforts to address problem gambling prevention, intervention, treatment and research; and
3 4 5	(2) The effects, both positive and negative, that can be reasonably anticipated to be experienced by the municipality in which the facility is located and the communities in the region.
6 7 8	3. Request for proposals requirements; northern region casino. When considering bids received in response to a request for proposals prescribed in subsection 1 for the northern region, the commission shall consider the following:
9	A. Business and market factors, including:
10 11 12 13	(1) The bidder's commitment and capacity to make an initial minimum capital investment of \$25,000,000 for a resort-style casino facility. Land acquisition, license fees and off-site improvements are not considered to be part of the minimum capital investment;
14 15	(2) The potential gross and net income to be generated by the bidder based upon documented, expert market analysis;
16 17 18 19	(3) The extent to which the bidder's market plans suit the character of the region and the local population in a way that encourages residents of the State to choose to patronize the bidder's proposed facility as opposed to gaming facilities in other states or provinces;
20 21	(4) The extent to which the bidder's proposed facility can reasonably be expected to serve as a regional recreational gambling destination;
22 23 24	(5) The bidder's proposed capital investment in a gambling facility, proposed amenities associated with the facility and the timing of capital investment expenditures in terms of ensuring the facility is profitable; and
25 26	(6) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to business and market factors;
27	B. Economic development factors, including:
28 29	(1) The bidder's workforce development plan and the extent to which it will maximize use of the region's existing labor force;
30 31	(2) The impact on economic development, existing and planned, in the region of the proposed facility; and
32 33	(3) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to economic development;
34	C. Site location factors, including:
35 36	(1) The adequacy of transportation routes leading to the proposed location of the gambling facility;
37 38 39 40	(2) Any negative impact of the proposed location of the gambling facility on the municipality in which the facility is located, including but not limited to traffic congestion, road safety conditions and increased safety concerns for pedestrian traffic;

(3) The proximity of the proposed location of the gambling facility to major transportation routes and the Canadian border in order to maximize patronage from cross-border traffic;
(4) The bidder's proposals for mitigating negative impacts identified under this paragraph; and
(5) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant to site location factors; and
D. Factors other than those listed in paragraphs A to C, including:
(1) How the proposed facility will provide the greatest benefit to one or all federally recognized Indian tribes in the State, particularly by proposing operation and ownership by one or more federally recognized Indian tribes in the State;
(2) The bidder's plan to identify, address and minimize the potential for and existence of negative consequences associated with gambling and the operation of the bidder's proposed facility, including but not limited to a financial commitment to efforts to address problem gambling prevention, intervention, treatment and research; and
(3) The effects, both positive and negative, that can be reasonably anticipated to be experienced by the municipality in which the facility is located and the communities in the region.
Sec. 9. 8 MRSA §1018, sub-§1, ¶C, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:
C. The initial application fee for a slot machine operator license is \$200,000. The annual renewal fee is \$75,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing slot machine operators and determined by dividing the costs of administering the slot machine operator licenses by the total number of slot machine operators licensed by the board. This paragraph applies to slot machine operator licenses issued before January 1, 2015.
Sec. 10. 8 MRSA §1018, sub-§1, ¶C-1, as amended by PL 2011, c. 417, §4, is further amended to read:
C-1. The initial application fee for a casino operator license is \$225,000, except that the initial application fee for an applicant that is a commercial track that was licensed to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing casino operators and determined by dividing the costs of administering the casino operator licenses by the total number of casino operators licensed by the board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000 for the privilege to operate each gaming table for a period of 20 years as long as the casino operator is licensed. Each gaming table is also subject to an annual gaming table renewal fee of \$1,000. The gaming table fees authorize the casino operator to conduct any authorized table game at the gaming table during the 20-year period. A casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not

1 required to pay the gaming table fees until after one calendar year of table game 2 operation. Fees collected in accordance with this paragraph must be deposited to the 3 Gambling Control Board administrative expenses Other Special Revenue Funds 4 account, which is a nonlapsing dedicated account. <u>This paragraph applies to casino</u> 5 <u>operator licenses issued before January 1, 2015.</u>

6 Sec. 11. 8 MRSA §1018, sub-§1, ¶¶C-2, C-3 and C-4 are enacted to read:

C-2. The fee for a casino operator license in the southern region of the State, as
described in section 1011-A, subsection 1, issued subsequent to the award, by
competitive bidding in accordance with section 1011-A, of the privilege to submit an
application, is \$5,000,000. The renewal fee, due prior to the end of the 5-year license
term, is \$250,000. The license and renewal fees are separate from the nonrefundable
application fee and investigative deposit required pursuant to section 1011-A,
subsection 1.

- 14C-3. The fee for a casino operator license in the northern region of the State, as15described in section 1011-A, subsection 1, issued subsequent to the award, by16competitive bidding in accordance with section 1011-A, of the privilege to submit an17application, is \$1,000,000. The renewal fee, due prior to the end of the 5-year license18term, is \$100,000. The license and renewal fees are separate from the nonrefundable19application fee and investigative deposit required pursuant to section 1011-A,20subsection 1.
- <u>C-4. The annual registration fee for a slot machine and a table game operated at a casino licensed on or after January 1, 2015 is \$100.</u>
- 23 Sec. 12. 8 MRSA §1018, sub-§1-A, as enacted by PL 2011, c. 699, §2, is
 24 repealed.
- Sec. 13. 8 MRSA §1018, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

27 2. Term of license issued before January 1, 2015; renewal, renewal fees. All 28 Except for slot machine operator licenses and casino operator licenses issued on or after 29 January 1, 2015, licenses issued by the board under this chapter are effective for one year, 30 unless revoked or surrendered pursuant to subchapter 5. Upon proper application and 31 payment of the required fees and taxes and in accordance with rules adopted by the board, 32 the board may renew a license for an additional year if municipal approval has been 33 obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee 34 required by subsection 1, paragraph C to the municipality in which the slot machines are 35 operated.

- 36 Sec. 14. 8 MRSA §1018, sub-§2-A is enacted to read:
- 2-A. Term of license issued on or after January 1, 2015. A casino operator
 license issued by the board pursuant to section 1011, subsection 2-C is effective for 5
 years unless revoked or surrendered pursuant to subchapter 5.
- 40 Sec. 15. 8 MRSA §1019, sub-§7, as amended by PL 2011, c. 417, §6, is repealed.

1	Sec. 16. 8 MRSA §1036, sub-§§2-D, 2-E and 2-F are enacted to read:
2 3 4	2-D. Distribution of net slot machine income from casino in southern region. A slot machine operator licensed to operate a casino in the southern region pursuant to section 1011-A shall collect and distribute 42% of the net slot machine income from slot
5 6	machines operated by the slot machine operator to the board for distribution by the board as follows:
7 8 9 10 11	A. Three percent of the net slot machine income must be deposited to the General Fund for administrative expenses of the board in accordance with rules adopted by the board, except that of the amount calculated pursuant to this paragraph, \$100,000 must be transferred annually to the Gambling Addiction Prevention and Treatment Fund established by Title 5, section 20006-B.
12 13 14	B. Ten percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the fund established in section 298 to supplement harness racing purses;
15 16	C. Three percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281;
17 18 19	D. Three percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Agricultural Fair Support Fund established in Title 7, section 91;
20 21 22 23 24	E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller, credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E;
25 26 27 28 29	F. Two percent of the net slot machine income must be forwarded by the board to the University of Maine System Scholarship Fund created in Title 20-A, section 10909 and to the Board of Trustees of the Maine Maritime Academy to be applied by the board of trustees to fund its scholarship program. The slot machine income under this paragraph must be distributed as follows:
30 31 32	(1) The University of Maine System share is the total amount of the distribution multiplied by the ratio of enrolled students in the system to the total number of enrolled students both in the system and at the Maine Maritime Academy; and
33 34 35	(2) The Maine Maritime Academy share is the total amount of the distribution multiplied by the ratio of enrolled students at the academy to the total number of enrolled students both in the system and at the academy:
36 37 38 39	<u>G. One percent of the net slot machine income must be forwarded by the board to the board of trustees of the Maine Community College System to be applied by the board of trustees to fund its scholarships program under Title 20-A, section 12716, subsection 1;</u>
40 41 42	H. Four percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment

1 2 3 4	required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter, in which case, that 4% of the net slot machine income must be credited to the General Fund as undedicated revenue;
5 6 7 8 9 10 11 12 13	I. Two percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income from a licensed operator, the percent of net slot machine income forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection 1;
14 15	J. Two percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located; and
16 17 18	K. One percent of the net slot machine income must be forwarded directly to each of the municipalities in which a casino is licensed and in operation as of January 1, 2015.
19 20 21 22	2-E. Distribution of table game income from casino in southern region. A casino operator licensed to operate a casino in the southern region pursuant to section 1011-A shall collect and distribute 16% of the net table game income from table games operated by the casino operator to the board for distribution by the board as follows:
23 24 25	<u>A. Nine percent of the net table game income must be deposited to the General Fund</u> for administrative expenses of the board, including gambling addiction counseling services, in accordance with rules adopted by the board;
26 27 28	B. Three percent of the net table game income must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account;
29 30	<u>C.</u> Two percent of the net table game income must be forwarded directly to the municipality in which the table games are located; and
31 32	D. Two percent of net table game income must be deposited into the Coordinated Veterans Assistance Fund established in Title 37-B, section 514.
33 34 35 36 37 38 39	2-F. Distribution of slot machine and table game income from a casino in the northern region. A casino operator licensed to operate a casino in the northern region pursuant to section 1011-A shall collect and distribute 35% of net slot machine income and 16% of net table game income to the board. The distributions must be held by the board until a distribution of slot machine income and table game income is established by the Legislature for net slot machine income and net table game income generated by a casino in the northern region.
40 41 42	Sec. 17. Joint Standing Committee on Veterans and Legal Affairs authorized to submit legislation. The Joint Standing Committee on Veterans and Legal Affairs is authorized to submit a bill establishing a manner of distribution of slot

machine and table game revenue that will apply to each casino, slot machine facility or
 gambling facility operated in this State to the Second Regular Session of the 127th
 Legislature.

4

SUMMARY

5 This bill authorizes the Department of Public Safety, Gambling Control Board to issue 2 casino licenses, one in the southern region of the State, which includes York 6 County and Cumberland County, and one in the northern region of the State, which 7 includes Penobscot County, Washington County and Aroostook County. In order to be 8 9 eligible to apply for a casino license, an applicant must be awarded the privilege to submit an application pursuant to a competitive bidding process. The competitive 10 bidding process is administered by a site location commission established by this bill. 11 12 The Casino Site Location Commission consists of 5 members appointed by the Governor 13 subject to review by the joint standing committee of the Legislature having jurisdiction over casino gaming and confirmation by the Senate. The bill provides that commission 14 members may not have a conflict of interest and are prohibited from representing or being 15 employed by gambling interests during their term on the commission and for 5 years after 16 their term ends. 17

Under the bill, a successful bidder for a casino in the southern region of the State must propose a capital investment of at least \$250,000,000 exclusive of license fees, land acquisition and off-site improvements. The initial fee for a southern region casino is \$5,000,000 for a 5-year license term in addition to a \$250,000 application fee and \$100,000 investigative fee. The renewal fee for a southern region casino is \$250,000.

A successful bidder for a casino in the northern region of the State must propose a minimum capital investment of \$25,000,000 exclusive of license fees, land acquisition and off-site improvements. The initial fee for a northern region casino is \$1,000,000 for a 5-year license term in addition to a \$100,000 application fee and a \$100,000 investigative fee. The renewal fee for a northern region casino is \$100,000.

28 The bill provides factors that the commission is directed to consider when reviewing 29 bids for the privilege to submit an application to operate a casino. Examples of those factors include: how the proposal from a bidder will result in the highest potential benefit 30 31 to the State based on documented, expert market analyses, the potential of the proposed 32 facility to serve as a tourism destination and how the proposal will preserve existing jobs 33 and create new full-time jobs in the State. For the casino bid in the northern region, the 34 commission is directed to consider how the proposal will provide the greatest benefit to one or all of the federally recognized Indian tribes in the State, particularly by proposing 35 operation and ownership by one or more of the tribes. 36

Finally, the bill authorizes the Joint Standing Committee on Veterans and Legal
 Affairs to submit a bill establishing a uniform distribution structure for slot machine and
 table game revenue to the Legislature.