



# HOUSE OF REPRESENTATIVES

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Testimony in Support of

## **LD 731 An Act Regarding the Licensing of Persons to Conduct Advance Deposit Wagering**

Good Afternoon Senator Hickman, Rep. Supica and Members of the Veteran and Legal Affairs Committee:

I am Rep. Randall Hall from Wilton. I represent District 74, the communities of Industry, New Vineyard, Strong, Wilton, Avon, Carthage, Temple, Weld, Perkins Township, Washington Township, New Portland, and South Franklin. However, today I stand before you as the President of the Farmington Fair and Past President of the Maine Association of Agricultural Fairs in support of **LD 731 An Act Regarding the Licensing of Persons to Conduct Advance Deposit Wagering** with the attached amendment that Sen. Farrin has proposed.

When this bill was first introduced, I was not in favor of it as it would cost the industry 4% of the 5% commission that supports the *Agricultural Support Fund*. The Farrin Amendment restores the amount back to the original 5% that has been the original amount Penn National has been paying. For this reason, I urge the committee to pass this bill with the attached amendment. Thank you and I will try to answer any questions you may have.

Randall C. Hall  
State Representative

District 74 Industry, New Vineyard, Strong, Wilton, Avon, Carthage, Temple, Weld, Perkins Township, Washington Township, New Portland, and South Franklin

## LD 731, An Act Regarding the Licensing of Persons to Conduct Advance Deposit Wagering

Be it enacted by the People of the State of Maine as follows:

**Sec. 1. 8 MRSA §1001, sub-§1-A**, as enacted by PL 2015, c. 499, §1, is repealed and the following enacted in its place:

**1-A. Advance deposit wagering.** "Advance deposit wagering" means a form of pari-mutuel wagering on horse races in which a person places a wager in person or by telephone, Internet, mobile device or other electronic communication. Before the wager occurs, the person placing the wager deposits money in a wagering account administered by an advance deposit wagering licensee. The advance deposit wagering licensee places the wager from the account at the direction of and on behalf of the account holder. The advance deposit wagering licensee deposits money into the wagering account from winnings awarded to the account holder.

**Sec. 2. 8 MRSA §1001, sub-§1-B**, as enacted by PL 2015, c. 499, §1, is amended to read:

**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. 3. 8 MRSA §1001, sub-§20-A** is enacted to read:

**20-A. Gross advance deposit wagering income.** "Gross advance deposit wagering income" means the total amount of wagers placed by residents of this State by means of advance deposit wagering before payment of money to winning residents of this State.

**Sec. 4. 8 MRSA §1001, sub-§29-C**, as enacted by PL 2015, c. 499, §2, is repealed.

**Sec. 5. 8 MRSA §1001, sub-§29-D** is enacted to read:

**29-D. Multijurisdictional account wagering provider.** "Multijurisdictional account wagering provider" means a business entity domiciled in a jurisdiction other than this State that is licensed by another jurisdiction to offer advance deposit wagering on a horse race regardless of whether the advance deposit wagering accounts are held in the jurisdiction that issued the advance deposit wagering license.

**Sec. 6. 8 MRSA §1015**, as amended by PL 2013, c. 212, §§13 and 14, is further amended to read:

**§1015. Licensing of employees of slot machine and casino operators, slot machine and table game distributors and, gambling services vendors and advance deposit wagering licensees**

**1. License required.** A person may not be employed by a slot machine operator, casino operator, slot machine distributor, table game distributor or, gambling services vendor or advance deposit wagering licensee unless the person is licensed to do so by the board, temporarily authorized as an employee pursuant to subsection 4 or granted a waiver by the board pursuant to subsection 3.

**2. Requirements for license.** The board may issue an employee license to an employee of a slot machine operator, casino operator, slot machine distributor, table game distributor or, gambling services vendor or advance deposit wagering licensee if the applicant meets the qualifications set out in sections 1016 and 1019.

**3. Requirements for waiver.** Upon application by a slot machine operator, casino operator, slot machine distributor, table game distributor or, gambling services vendor or advance deposit wagering licensee

licensee, the board may waive the employee license requirement under this section if the slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit wagering licensee demonstrates to the board's satisfaction that the public interest is not served by the requirement of the employee license.

**4. Employees authorized temporarily.** A new employee of a slot machine operator, casino operator, slot machine distributor, table game distributor or gambling services vendor or advance deposit wagering licensee is temporarily authorized to work in a position requiring an employee license pursuant to subsection 1 as of the date a completed employee license application is received by the board. A completed employee license application is composed of:

- A. The completed form for application for an employee license approved by the board;
- B. Two complete sets of the fingerprints of the applicant;
- C. The fee for processing the employee license application as prescribed by the board; and
- D. The results of the background investigation conducted by the employer.

If the department determines after receiving an employee license application under this subsection that the application is incomplete, it may suspend the new employee's temporary authorization until such time as the new employee files a completed application.

Temporary authorization is not available for renewal of employee licenses.

**5. Termination of temporary authorization.** Unless suspended or revoked, a temporary authorization under subsection 4 continues until the granting or denial of the new employee's employee license application in accordance with sections 1016, 1017 and 1019 and any applicable rules adopted by the board. An applicant whose temporary authorization is suspended or revoked is not eligible for employment in a position requiring an employee license pursuant to subsection 1 until such time as the suspension or revocation is withdrawn or an employee license is issued.

**6. Exception.** An employee of an advance deposit wagering licensee that is also a multijurisdictional account wagering provider is not subject to the employee license requirement under this section if:

- A. The employee is not involved in the processing of wagers made by residents of this State; or
- B. The employee is not located in this State and is licensed in a jurisdiction in connection with the multijurisdictional account wagering provider's operations in that jurisdiction.

**Sec. 7. 8 MRSA §1016, sub-§1**, as amended by PL 2013, c. 212, §§15 to 18, is further amended to read:

**1. Minimum qualifications.** Notwithstanding Title 5, chapter 341, and in addition to any requirements imposed by rules adopted by the board, a person must satisfy the following qualifications to be a slot machine operator, a casino operator, a slot machine distributor, a table game distributor, a gambling services vendor, an advance deposit wagering licensee or an employee of these entities:

- A. The person has completed the application form, promptly and truthfully complied with all information requests of the board and complied with any applicable rules adopted by the board;
- B. The person has sufficient financial assets and responsibility to meet any financial obligations imposed by this chapter and, if applying for a slot machine operator license, casino operator license, slot machine operator license renewal or casino operator license renewal, has sufficient financial assets and responsibility to continue operation of a commercial track or casino;

B-1. If applying for an advance deposit wagering license or renewal of an advance deposit wagering license under section 1073, subsection 1, paragraph A or B, the person has sufficient financial assets and responsibility to continue operation of a commercial track or off-track betting facility as defined in section 275-A, subsection 8:

C. The person has not knowingly or recklessly made a false statement of material fact in applying for a license under this chapter or any gambling-related license in any other jurisdiction;

D. In the case of a person applying to be a slot machine operator ~~or~~ casino operator, or advance deposit wagering licensee, the person has sufficient knowledge and experience in the business of operating slot machines ~~or~~ casinos or advance deposit wagering to effectively operate the slot machine facilities ~~or~~ casino or advance deposit wagering to which the license application relates in accordance with this chapter and the rules and standards adopted under this chapter; and

F. If the applicant is a business organization, the applicant is organized in this State, ~~although that business organization may be~~ or a wholly or partially owned subsidiary of an entity that is organized pursuant to the laws of another state or a foreign country, unless the applicant is applying for an advance deposit wagering license and the applicant is a multijurisdictional account wagering provider.

Except as provided by section 1013, subsection 3 and section 1013-A, subsection 3, a person may not hold more than one class of license under this chapter unless the 2nd license is an employee license under section 1015 or an advance deposit wagering license under section 1073.

**Sec. 8. 8 MRSA §1018, sub-§2**, as amended by PL 2021, c. 697, §2, is further amended to read:

**2. Term of license; renewal, renewal fees.** Except as provided in section ~~4074~~ 1073, subsection 6 for licenses to conduct advance deposit wagering or as otherwise provided in this subsection, licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Employee licenses issued by the board under this chapter may be renewed for a one-year term or a 3-year term. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012 or 1012-A. The board shall transfer \$25,000 of the renewal fee required by subsection 1, paragraph C to the municipality in which the slot machines are operated.

**Sec. 9. 8 MRSA §1071**, as enacted by PL 2015, c. 499, §8, is repealed.

**Sec. 10. 8 MRSA §1072**, as enacted by PL 2015, c. 499, §8, is amended to read:

**§1072. Distribution of ~~net commission~~ advance deposit wagering revenue**

~~The net commission established in the contract executed pursuant to section 1071, subsection 3~~ revenue from wagers placed by means of advance deposit wagering must be distributed according to this section.

**1. Distribution of ~~net commission~~ revenue from wagers placed on races conducted in State.** An advance deposit wagering licensee shall collect ~~the net commission~~ 15% of gross advance deposit wagering income from wagers placed with the licensee on races conducted at tracks in the State and distribute it to the board for distribution as follows.

A. Ten percent of the ~~net commission~~ amount collected under this subsection must be deposited directly to the General Fund.

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

C. One percent of the ~~net commission~~ amount collected under this subsection must be distributed to the Sire Stakes Fund established under section 281.

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

E. Twenty-four percent of the ~~net commission~~ amount collected under this subsection must be distributed to the fund established under section 298 to supplement harness racing purses.

F. Twenty percent of the ~~net commission~~ amount collected under this subsection must be distributed to the track where the race upon which the wager was placed was conducted.

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

**2. Distribution of ~~net commission~~ revenue from wagers placed on races conducted outside State.**

An advance deposit wagering licensee shall collect the ~~net commission~~ 45% of gross advance deposit wagering income from wagers placed with the licensee on races conducted at tracks outside the State and distribute it to the board for distribution as follows.

A. Ten percent of the ~~net commission~~ amount collected under this subsection must be deposited directly to the General Fund.

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

C. One percent of the ~~net commission~~ amount collected under this subsection must be distributed to the Sire Stakes Fund established under section 281.

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

E. Seven percent of the ~~net commission~~ amount collected under this subsection must be distributed to the fund established under section 298 to supplement harness racing purses.

F. Thirty-six percent of the ~~net commission~~ amount collected under this subsection must be distributed to all commercial tracks, with each commercial track receiving a portion determined by multiplying that 36% times a fraction, the numerator of which is the minimum number of days of racing the commercial track is required by law to conduct annually in order to retain its commercial track license and the denominator of which is the sum of the number of days of racing all the commercial tracks are required to conduct in order to retain their commercial track licenses.

**Sec. 11. 8 MRSA §1073** is enacted to read:

**§1073. Advance deposit wagering license**

The board shall exercise authority over the licensing of all persons conducting advance deposit wagering. A person may not conduct advance deposit wagering without a license issued under this section.

1. Eligibility. In order to receive an advance deposit wagering license from the board, an applicant must meet the requirements of this section and the rules adopted by the board under section 1003, subsection 2, paragraph U and must be:

- A. A commercial track;
- B. An off-track betting facility licensed under section 275-D; or
- C. A multijurisdictional account wagering provider.

2. Authority to conduct advance deposit wagering. An advance deposit wagering license issued under this section allows a licensee to conduct advance deposit wagering in this State.

3. Contract. An advance deposit wagering licensee may conduct advance deposit wagering directly or through a contract with a provider of advance deposit wagering services that is located in the United States.

4. Conditions of licensure. An advance deposit wagering licensee shall:

- A. Purchase a bond to secure the advance deposit wagering accounts; and
- B. Ensure that a person who establishes an account to place a wager on horse racing by means of advance deposit wagering has attained 18 years of age and is a resident of this State.

5. Application fee. The nonrefundable application fee for an advance deposit wagering license is \$1,000. In addition, the board may require an applicant to pay a fee in an amount limited to the cost to the board of processing the application and performing background investigations.

6. License fee; renewal fee; term. The fee for an advance deposit wagering license is \$500. The fee for the renewal of an advance deposit wagering license is \$250. The term of an advance deposit wagering license is 5 years.

## SUMMARY

This bill repeals the provision of law that directs the Department of Public Safety, Gambling Control Board to award, through a competitive bidding process, one bidder the privilege to be licensed to conduct advance deposit wagering and instead allows commercial tracks, off-track betting facilities and multijurisdictional account wagering providers to obtain a license to conduct advance deposit wagering. It requires advance deposit wagering licensees to remit 45% of in-state gross wagering income and 45% of out-of-state gross wagering income to the board for distribution. The bill requires licensure of employees of advance deposit wagering licensees.