

131st Legislature
Senate of
Maine
Senate District 2

Senator Harold 'Trey' Stewart
Senate Republican Leader
3 State House Station
Augusta, ME 04333-0003
(207) 287-1505

**LD 2213, “An Act to Support Veterans' Organizations and
Other Nonprofit Organizations and Federally Recognized Indian Tribes
by Updating Electronic Gambling Laws”**

**Joint Standing Committee on Veterans and Legal Affairs
February 27, 2023**

Senator Hickman, Representative Supica and Distinguished Members of the Joint Standing Committee on Veterans and Legal Affairs:

I am Trey Stewart; and I represent Senate District 2, which includes several municipalities in Penobscot and Aroostook Counties. I am here today to present LD 2213, “*An Act to Support Veterans' Organizations and Other Nonprofit Organizations and Federally Recognized Indian Tribes by Updating Electronic Gambling Laws.*”

Electronic lucky 7s are simply **a modernization** of existing paper lucky 7s (pull tabs) in Maine. Just like their paper facsimiles, electronic lucky 7s are predetermined and finite. Rather than opening a paper pull-tab in your hand, the results are shown to you electronically.

The electronic format of lucky 7 games can offer certain advantages for charities. It allows for easier administration and tracking of sales as well as reduced costs associated with printing and distributing physical tickets. Electronic systems can also provide real-time reporting on sales and revenue, making it more effective for both the charity and the Gambling Control Unit. With electronic systems, it becomes easier to monitor and track sales, ensuring transparency and reducing the risk of fraud or non-compliance. This provides greater confidence in the integrity of the fundraising process.

Paper and electronic lucky 7s complement each other. It is two different kinds of players. The player that likes paper does not typically play electronics and vice-versa. Therefore, allowing charities to modernize their fundraising tools increases their fundraising opportunities and attracts younger members to join their clubs – all without cannibalizing existing paper pull tabs.

Six other states currently allow electronic lucky 7s, including New Hampshire. Multiple other states are also actively considering legislation right now. In the states that already allow electronic lucky 7s, the programs have been hugely successful for the charities. But also important to note is that there has been no evidence of this modernization affecting other forms of legal gaming that a state may have.

*Fax: (207) 287-1527 * TTY (207) 287-1583 * Message Service 1-800-423-6900 * Web Site: legislature.maine.gov/senate*

Electronic lucky 7 systems have built-in audit and reporting functions. These features are designed to enhance transparency, accountability, and compliance in charitable gaming activities such as:

- Access Controls and Security;
- Zero Shrinkage;
- Sales Tracking;
- Revenue Reporting;
- Prize Payout Verification;
- Inventory Management;
- Compliance Monitoring.

It is important to note that these are not slot machines. Electronic lucky 7s are predetermined and finite, just like paper pull-tabs. VGTs, iGaming and slot machines, on the other hand, are truly random and utilize random number generators. Electronic lucky 7s are not conducted over the internet and are not conducted on phones. A player must be physically present in a licensed organization and play at a terminal.

The intent of this bill is to be as straightforward as possible. It authorizes the modernization to electronic systems; but then it also establishes clear guidelines and restrictions on the number, location, and operation of electronic lucky 7 devices, ensuring responsible and regulated gambling practices within Maine.

In sum, electronic lucky 7s provide a modern alternative to traditional paper-based games. By embracing technology, charities can reach a wider audience, including younger demographics. This can lead to increased engagement and greater fundraising success. Electronic lucky 7s offer patrons and charities the ability to use present-day tools to legally conduct the activities.

As technology evolves, it is essential for state laws to adapt accordingly. This bill demonstrates Maine's commitment to embracing technological advancements while maintaining responsible gambling practices.

Thank you for your time and thoughtful consideration of this measure.

An Act to Support Veterans' Organizations and Other Nonprofit Organizations and Federally Recognized Indian Tribes by Updating Electronic Gambling Laws

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

Sec. 1. 17 MRSA §314-A, sub-§1, ¶A, as amended by PL 2017, c. 284, Pt. JJJJJ, §9, is further amended to read:

A. The Gambling Control Unit may also issue, to a federally recognized Indian tribe, licenses to sell lucky seven or other similar sealed tickets ~~in accordance with section 324-A.~~

Sec. 2. 17 MRSA §314-A, sub-§1-A, as amended by PL 2017, c. 284, Pt. JJJJJ, §10, is further amended to read:

1-A. Sealed tickets. The Gambling Control Unit may also accept a registration from a federally recognized Indian tribe licensed under this section to sell lucky seven or other similar sealed tickets ~~in accordance with section 324-A~~, including virtual versions of lucky seven or similar sealed tickets. The licensee may operate ~~a dispenser~~ sealed ticket or lucky seven dispensers to sell the lucky seven or other similar sealed tickets. As used in this subsection, ~~"dispenser"~~ "sealed ticket or lucky seven dispensers" means a mechanical or electrical device or machine that, upon the insertion of money, credit, a voucher or something of value, ~~dispenses printed~~ displays virtual lucky seven or other similar sealed tickets. The element of chance must be provided by the virtual ticket itself, ~~not by the dispenser.~~ The Gambling Control Unit may adopt rules to facilitate the use of ~~dispensers~~ sealed ticket or lucky seven dispensers. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 3. 17 MRSA §324-A, sub-§2, ¶C, as amended by PL 2017, c. 284, Pt. JJJJJ, §25, is further amended to read:

C. Lucky seven or similar sealed tickets may be sold when that game of chance is registered with the Gambling Control Unit and when a valid license or registration certificate is properly displayed. Notwithstanding the other provisions of this section and section 312, lucky seven games may be conducted ~~during the period beginning 2 hours before and ending 2 hours after a "beano" game~~ at any time.

Notwithstanding any other rule, lucky seven or other similar sealed tickets may be sold that have a sale value of \$5 or less, and a person who sells or distributes "beano" cards or materials used to play "beano" prior to the conduct of "beano" as a volunteer, as provided in this section, is permitted to play in the "beano" game.

Sec. 4. 17 MRSA §324-A, sub-§2, ¶D is enacted to read:

D. This does not include the use and availability of sealed ticket or lucky seven dispensers located in a separate area of the registered or licensed location.

Sec. 5. 17 MRSA §1831, sub-§3, as amended by [____], is further amended to read:

3. Distributor. "Distributor" means a person, firm, corporation, association or organization licensed by the Gambling Control Unit to sell or lease electronic video machines or sealed ticket or lucky seven dispensers.

Sec. 6. 17 MRSA §1831, sub-§14-B is enacted to read:

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14-B. Sealed ticket or Lucky Seven game. “Sealed ticket or lucky seven game” means a game consisting of tickets or cards with preprinted symbols, numbers or other figures that are hidden by an opaque removable material sold by a member of the organization, through a mechanical dispenser or through a virtual dispenser which are displayed to a player using an electronic sealed ticket or lucky seven virtual dispenser. Each ticket or card represents a chance to win a specific single prize. A winning ticket or card contains a predetermined winning configuration of symbols, numbers or other figures.

Sec. 7. 17 MRSA §1831, sub-§14-C is enacted to read:

14-C. Sealed Ticket or Lucky Seven dispenser. “Sealed Ticket or Lucky Seven dispenser” means a mechanical or electrical device or machine that, upon the insertion of money or voucher, dispenses the ticket or displays the result of a virtual electronic sealed ticket or lucky seven award.

Sec. 8. 17 MRSA §1831, sub-§17-A is enacted to read:

17-A. Supplier. “Supplier” means a person, firm, corporation, association or organization, other than an Internet raffle operator or distributor, that sells, markets or otherwise supplies sealed tickets or any other implements of gambling that may be used in the conduct of a game of chance.

Sec. 9. 17 MRSA §1832, sub-§8, as amended by [____], is further amended to read:

8. Electronic video machines. The Gambling Control Unit may issue a license to operate an electronic video machine to any eligible organization described in subsection 2.

A. An electronic video machine licensed under this section may only be operated for the exclusive benefit of the licensee, ~~except that up to 50% of the gross proceeds from the operation of the machine may be paid to the distributor as a rental fee and for service and repair of the machine. Notwithstanding other provisions of this chapter, a licensee may rent an electronic video machine from a distributor.~~

B. No more than ~~5~~ 3 electronic video machines may be operated on the licensee's premises. A separate games of chance license is required for the operation of each electronic video machine.

C. ~~A licensee may operate an electronic video machine only on the licensee's premises. The Gambling Control Unit may adopt rules to facilitate the use of electronic video machines.~~

D. Two or more licensees may not share the use of any premises for the operation of electronic video machines.

E. A distributor or employee of the distributor may not be a member of the licensed organization.

F. An electronic video machine licensed under this subsection may not be operated in a manner that meets the definition of illegal gambling machine as described in Title 17-A, section 952, subsection 5-A.

Sec. 10. 17 MRSA §1832, sub-§9 is enacted to read:

9. Sealed Ticket or Lucky Seven dispenser. The Gambling Control Unit may issue a license to operate sealed ticket or lucky seven dispensers that display the result of a virtual electronic sealed ticket or lucky seven award to any eligible organization described in subsection 2 or federally recognized Tribe in the State of Maine.

A. Sealed ticket or lucky seven dispensers that display the result of a virtual electronic sealed ticket or lucky seven award may only be operated for the exclusive benefit of eligible organization, except that up to 50% of the gross revenue from the operation of the devices may be paid to the distributor as a lease fee and for service and repair of the devices under an agreement approved by the Director.

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Notwithstanding other provisions of this chapter, a licensee may purchase or lease a sealed ticket or lucky seven dispenser from a distributor.

B. Eligible organizations with up to 100 members may have 2 sealed ticket or lucky seven dispensers that display the result of a virtual electronic sealed ticket or lucky seven award. Organizations with more than 100 members may have up to 3 dispensers that display the result of a virtual electronic sealed ticket or lucky seven award. The Director shall have the discretion to allow additional sealed ticket or lucky seven dispensers based upon benchmarks established by the Gambling Control Unit, provided no single premises has more than 9 sealed ticket or lucky seven dispensers that display the result of a virtual electronic sealed ticket or lucky seven award. A licensee shall operate at least one redemption kiosk for the redemption of electronic lucky seven vouchers.

C. A licensee may operate a sealed ticket or lucky seven dispenser that displays the result of a virtual electronic sealed ticket or lucky seven award only on the licensee's premises.

D. Each sealed ticket or lucky seven dispenser deal must contain a fixed number of tickets. The maximum number of sealed ticket or lucky seven tickets per deal may not exceed 25,000.

E. Each sealed ticket or lucky seven dispensers that display the result of a virtual electronic sealed ticket or lucky seven award may only be offered to members and their guests for twelve hours during any day, provided it is not offered earlier than ten a.m. and ends not later than two a.m.

F. An electronic lucky seven device licensed under this subsection may not be operated in a manner that meets the definition of "illegal gambling machine" in Title 17-A, section 952, subsection 5-A.

G. The Gambling Control Unit may adopt rules to facilitate the use of sealed ticket or lucky seven dispensers. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 11. 17 MRSA §1834, sub-§3, as amended by [____], is further amended to read:

3. Operation of electronic video machines. The annual fee for a game of chance license to operate an electronic video machine in accordance with section 1832, subsection 8 is ~~\$15 for each week computed on a Monday to Sunday basis or for a portion of a week.~~ The fee for a license issued for a calendar month is ~~\$60~~ \$50 per device.

Sec. 12. 17 MRSA §1834, sub-§5, as amended by [____], is further amended to read:

5. Distributors. The fee for a license issued to a Distributor is \$625 ~~\$5,000~~ for each calendar year or portion of a calendar year.

Sec. 13. 17 MRSA §1834, sub-§8 is enacted to read:

8. Operation of sealed ticket or lucky seven dispensers. The fee for a license or registration to operate sealed ticket or lucky seven dispensers is \$50 per dispenser.

Sec. 14. 17 MRSA §1834, sub-§9 is enacted to read:

9. Suppliers. The fee for a license issued to a supplier is \$625 for each calendar year or portion of a calendar year.

Sec. 15. 17 MRSA §1834, as amended by [____], is further amended to read:

~~Fees submitted as license or registration fees must be refunded if the license is not issued or the registration is not accepted. Rebates may not be given for any unused license or registration or portion of an unused license or registration. If any license is suspended or revoked as provided by this chapter, fees paid~~

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~~for that license or registration may not be refunded.~~ In addition to the application fee for a Distributor license, the Director may charge a one-time initial application fee for a Distributor license in an amount equal to the actual cost of processing the application and performing any background investigations, by rule. The Director may charge each licensee a fee equal to 1% of the gross revenue from the operation of the sealed ticket or lucky seven dispensers. Fees collected in accordance with this paragraph must be deposited to the Gambling Control Unit administrative expenses Other Special Revenue Charitable Funds account, which is a non-lapsing dedicated account.

Sec. 16. 17 MRSA §1841, sub-§1, as amended by [____], is further amended to read:

1. Schemes prohibited. A license may not be issued under this chapter for the conduct or operation of a machine, a slot machine, roulette or games commonly known as policy or numbers, except that a license may be issued for an electronic video machine or sealed ticket or lucky seven dispenser. An electronic video machine or sealed ticket or lucky seven dispenser that constitutes a game of chance is fully governed by this chapter.

Sec. 17. 17-A MRSA §952, sub-§5-A, ¶C, as amended by PL 2009, c. 487, Pt. B, §11, is further amended to read:

C. That is not a machine that a person may lawfully operate pursuant to a license that has been issued under Title 17, chapter 62 or that is operated by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations; and

Sec. 18. 17-A MRSA §952, sub-§5-A, ¶D, as enacted by PL 2003, c. 687, Pt. A, §7 and affected by Pt. B, §11, is amended to read:

D. That is not a slot machine registered pursuant to Title 8, section 1020 and owned by a slot machine distributor licensed pursuant to Title 8, section 1013-; and

Sec. 19. 17-A MRSA §952, sub-§5-A, ¶E is enacted to read:

E. That is not a sealed ticket or lucky seven dispenser licensed or registered pursuant to Title 17, section 1832 and used by either an eligible organization licensed or registered pursuant to Title 17, section 1832, subsection 9 or a federally recognized Indian tribe licensed or registered to operate sealed ticket or lucky seven dispensers pursuant to Title 17, section 314-A, subsection 1-A.

SUMMARY

This bill updates laws related to the Department of Public Safety, Gambling Control Unit's licensing and fees for selling lucky seven or similar sealed tickets to include electronic versions. It also places restrictions on the number, location and operation of electronic lucky seven devices and requires licensees to operate at least one kiosk for the redemption of electronic lucky seven vouchers. The bill also adds definitions of "electronic lucky seven device" and "lucky seven or similar sealed tickets."

The bill also removes the restriction that allows the sale of lucky seven or similar sealed tickets only during the period beginning 2 hours before and ending 2 hours after a "beano" game.