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BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS

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Testimony of the Bureau of Alcoholic Beverages and Lottery Operations  
Joint Standing Committee on Veterans and Legal Affairs

In Opposition to LD 1434

An Act to Allow Veterans' Organizations and Fraternal Organizations to Obtain a License to Operate the  
Draw Game Keno

Senator Hickman, Representative Supica, and members of the Joint Standing Committee on Veterans and Legal Affairs: I am Louis Luchini and I'm the Director of the Bureau of Alcoholic Beverages and Lottery Operations. I am here to testify against LD 1434, *An Act to Allow Veterans' Organizations and Fraternal Organizations to Obtain a License to Operate the Draw Game Keno*.

Veterans' organizations and fraternal organizations provide incredible work and services to communities across Maine. The Bureau appreciates the goal of helping these groups raise funds. We also understand that the legislature is considering multiple variations of expanded gaming at these organizations to generate funding. We are opposed to this legislation because we don't believe a lottery-operated keno game would be a cost-effective way to generate revenue.

For background, traditional lottery-operated keno is a type of draw game where a drawing is conducted every four or five minutes. Keno locations will have consoles for players or staff to place bets and will typically have television monitors that display winning numbers as they're drawn.

Players choose from a variety of numbers (often 1 – 80) which are selected by a random number generator. Players can win if their numbers match some or all of the winning numbers. Players can bet on a single drawing or for multiple drawings at one time.

When conducted through a lottery, keno games are operated simultaneously across each keno location. The games are hosted by the lottery's gaming system which is operated by the State's lottery vendor. The gaming system accepts the bets and prizes are paid as a portion of the prize pool.

The Bureau's opposition to this bill is because in general, the success of a keno game is dependent on volume. States with keno will often have hundreds of keno locations operating simultaneously in high traffic areas like restaurants. The more that is bet, the larger the prize pool.

By limiting keno to only veterans and fraternal organizations, the volume of bets, and the subsequent prize pool, will be small. Many of these organizations have limited hours and are open only to members and their guests, and don't operate with high daily traffic. In such cases, the prize pool would remain small.

In order to implement keno, the lottery would have to procure the equipment for keno (monitors, consoles, etc.) and would have to program our gaming system to allow for keno capability.

As drafted, the bill would require the lottery to pay keno licensees a minimum commission equal to other draw games, which is 5%. As stated above, we don't believe the sales would be high enough to generate significant revenues, and that there may be better alternatives.

Thank you for your consideration. I'm happy to answer questions.