

MAINE STATE LEGISLATURE

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policy piece of this. Currently, Revenue Sharing II kicks in for those communities that are particularly handicapped by very high mill rates, and for years and years and years that mill rate has been arbitrarily been established at 10 mills. What this bill does is effectively removes it over a period of years to the state average, which is currently a little over 11.6 mills. So I fully expect and in fact would invite you to vote, as I say, on the spreadsheet. But the reason behind the bill is sound and I will be voting for the Majority Report as I've moved and I would encourage you to think seriously about doing the same. Thank you.

Representative HARMON of Palermo **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought to Pass as Amended** Report.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: A roll call has been ordered. The pending question before the House is Acceptance of the Majority Ought to Pass as Amended Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 317

YEA - Beaudoin, Beaulieu, Beck, Beliveau, Berry, Blodgett, Boland, Bolduc, Briggs, Bryant, Cain, Carey, Casavant, Chapman, Chipman, Clarke, Cornell du Houx, Crafts, Curtis, Cushing, Damon, Dill J, Dion, Driscoll, Duchesne, Eberle, Edgecomb, Eves, Fitts, Fitzpatrick, Flemings, Gifford, Gilbert, Goode, Hanley, Harlow, Haskell, Hayes, Herbig, Hinck, Hunt, Innes Walsh, Kaenrath, Knight, Kruger, Kumiega, Lajoie, Longstaff, Lovejoy, MacDonald, Maker, Malaby, Maloney, Martin, Mazurek, McCabe, Monaghan-Derrig, Morrison, Nelson, O'Brien, Parker, Peoples, Picchiotti, Pilon, Priest, Rankin, Rochelo, Rotundo, Russell, Sanborn, Stevens, Strang Burgess, Stuckey, Theriault, Treat, Tuttle, Valentino, Wagner R, Weaver, Webster, Welsh, Willette M.

NAY - Ayotte, Beavers, Bennett, Black, Burns DC, Cebra, Chase, Clark H, Clark T, Cotta, Cray, Crockett, Davis, Dow, Dunphy, Esping, Flood, Fossel, Foster, Fredette, Gillway, Graham, Guerin, Hamper, Harmon, Harvell, Johnson D, Johnson P, Keschl, Knapp, Libby, Long, Luchini, McCiellan, McFadden, McKane, Morissette, Moulton, Nass, Newendyke, O'Connor, Olsen, Parry, Plummer, Prescott, Richardson D, Richardson W, Rioux, Rosen, Sanderson, Sarty, Shaw, Sirocki, Tilton, Timberlake, Turner, Volk, Wallace, Waterhouse, Willette A, Winsor, Wood, Mr. Speaker.

ABSENT - Bickford, Celli, Hogan, Kent, Peterson.

Yes, 82; No, 63; Absent, 5; Vacant, 1; Excused, 0.

82 having voted in the affirmative and 63 voted in the negative, 1 vacancy with 5 being absent, and accordingly the Majority **Ought to Pass as Amended** Report was **ACCEPTED**.

The Bill was **READ ONCE**. **Committee Amendment "A" (S-501)** was **READ** by the Clerk and **ADOPTED**.

Under suspension of the rules the Bill was given its **SECOND READING WITHOUT REFERENCE** to the Committee on **Bills in the Second Reading**.

Under further suspension of the rules the Bill was **PASSED TO BE ENGROSSED as Amended by Committee Amendment "A" (S-501)** in concurrence.

By unanimous consent, all matters having been acted upon were **ORDERED SENT FORTHWITH**.

Majority Report of the Committee on **VETERANS AND LEGAL AFFAIRS** reporting **Ought to Pass as Amended** by

Committee Amendment "A" (H-919) on Bill "An Act To Establish a Competitive Bid Process for Future Casinos and Slot Machine Facilities"

(H.P. 1400) (L.D. 1897)

Signed:

Senators:

FARNHAM of Penobscot
 PATRICK of Oxford
 PLOWMAN of Penobscot

Representatives:

BEAULIEU of Auburn
 CAREY of Lewiston
 CHIPMAN of Portland
 CROCKETT of Bethel
 DAMON of Bangor
 JOHNSON of Eddington
 LONGSTAFF of Waterville
 RUSSELL of Portland
 VALENTINO of Saco

Minority Report of the same Committee reporting **Ought Not to Pass** on same Bill.

Signed:

Representative:

WILLETTE of Presque Isle

READ.

Representative BEAULIEU of Auburn moved that the House **ACCEPT** the Majority **Ought to Pass as Amended** Report.

The SPEAKER: The Chair recognizes the Representative from Passamaquoddy Tribe, Representative Soctomah.

Representative **SOCTOMAH**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I rise today in opposition to Amendment "A" to LD 1897. While I am not particularly pleased with LD 1897 as it was originally filed, Amendment "A" made the legislation even less palatable. My opposition to this legislation can be summed up in just one word: moratorium. LD 1897 seeks to place a moratorium on all casino or slot machine facilities in Maine that have not been licensed before September 1, 2012. The citizens of Washington County have been working on getting a tribal racino established for the past 18 years. During that period of time, a casino was established in Bangor and another casino is under construction in Oxford. Of interest to my colleagues in the House, Penn National Gaming, the owners of Hollywood Casino in Bangor, support the efforts of the Passamaquoddy Tribe to establish a tribal racino in Washington County. Instead of allowing such a proposal to go forward, the Joint Standing Committee on Veterans and Legal Affairs is intent on stopping all gaming developments in Maine.

LD 1897 also seeks to establish a Commission to develop a competitive bidding process for the operation of future casinos or slot machine facilities. On its face, this might seem like a good idea. However, the legislation sets an arbitrary privilege fee of \$250,000 and a cash bid of \$5 million, at least, for those who wish to establish a casino or slot machine facility. This fails to take into consideration the size of a particular project, where it is located in the state, and other demographics. The Passamaquoddy Tribe's racino has always been planned to be a smaller gaming venture, and it is completely unfair to subject smaller gaming projects to the same fees as large, full-scale casino projects.

I agree with the VLA Committee in one sense. I believe that current law regarding harness racing, the establishment of tribal commercial tracks, and the operation of slot machines at those

locations needs to be changed. However, it should not be changed the way they have suggested.

I would conclude my remarks by saying this: The Passamaquoddy Tribal Membership is not looking for a handout. Rather, we are asking the State to not limit our ability to participate in a business venture that is already available to others. Federally recognized tribes across the country have utilized the gaming industry to support their tribes and surrounding communities, and it is a matter of fairness that Maine tribes be afforded the same consideration. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Presque Isle, Representative Willette.

Representative **WILLETTE**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I rise today as the sole occupier of the Minority Report on this and I'm going to give you a couple of reasons why I wound up on that Minority Report. Basically, two main issues for me for the Ought Not to Pass on LD 1897. These items were that, if added, would have made this bill somewhat palatable for me, enough so that I probably could have included myself on the Majority Report first.

The Commission proposal in the bill in section 4 excludes a few members that I feel should be included in this makeup of the Commission, I believe, to balance out in the Commission the fact that we have a representative from the Oxford Casino and the Hollywood Slots Casino. I think to provide balance we need to have developers that aren't currently licensed in the state to operate a casino or slot facility that might be interested. A member from the Maine Association of Agricultural Fairs, a member of the Maine Tourism Board, and a member from the Maine Chamber of Commerce. I think that those would add some value to what I might point out is already a huge commission, okay?

The timeframe in which the Commission was charged to develop the competitive bidding process for the operation of additional casinos or slot machine facilities is too vague and lacks hard deadlines. The appointment of the Commission being made no later than February 1, 2013, I believe that that should be done quite a bit sooner. The Commission should be appointed no later than 120 days after adjournment of this 125th session of the Legislature. That would mean that the work would start in the month – it depends on when we adjourn, I know that's up in the air – some time at the middle or end of August, the first half of September 2013.

I feel the preliminary findings of their study should be reported back to the Legislature for action by February 1, 2013, not by February 15, 2014. If you report back February 15, 2014, you are now pushing this into the short session of the 126th. We all know what happens when we start the bottleneck of work into the short session. We've all experienced that here this year. So the preliminary report I feel should be committed to VLA February 1, 2013. That will give time for the VLA Committee and the Commission to work out and iron out any differences and basically come forward with a piece of legislation. The final report, I believe, should be given April 3, 2013, and the reason why I bring these timelines up is if you're not given specific hard deadlines, that some people will say just because the deadline in the bill right now is February 15, 2014, that doesn't mean that they have to wait to that point. But if you're given the opportunity to drag out your work, most times you take the full allotted time.

The lack of urgency of the proposed dates ignores impending competition from states like Massachusetts and the legislation being considered in New Hampshire. Just recently, the Massachusetts Legislature approved three casinos and one slot

facility, so we're losing our competitive edge with surrounding states.

In giving this more thought and re-reading testimony provided at our public hearing held on the 26th of March, which included only one person speaking for the bill and four or so speaking against, and one neither for nor against, I came up with some other issues that caused some concern.

The moratorium – there is no moratorium in the bill that you see as labeled as such, but in looking at one of our VLA review sheets, it was brought into question when the moratorium was written down as part of the bill, there was, the highlighted section said that this language might be redundant considering the language in section 2-B. 2-B basically is a moratorium. You can label it whatever you want, but if you read section 2-B, a moratorium is a moratorium.

The "privilege fee" of \$250,000 and the minimum bid of \$5 million is fine with me, but then when I started rethinking the \$5 million, that figure would not apply to projects that are small. The fees are not very friendly with respect to size of the project, geographic location, and population bases, and taking in market conditions and demographics as well. We all discussed how casinos should look and feel and what kind of footprint they should occupy. They always had the belief that these up and coming or future casinos or racinos will right-size their projects to those certain standards, demographics and geographic location so why should the fees we impose on future facilities not be right-sized as well. This is a prime example of one size simply does not fit all.

There are also a host of other issues that would be greatly affected by the passage of this bill with regards to the remaining issue of the citizen's initiative referendum issues that this bill doesn't address. I'll leave that explanation for some other folks that are going to get up and speak in a minute. Thank you, Mr. Speaker, and I request a roll call on this.

The same Representative **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought to Pass as Amended** Report.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: The Chair recognizes the Representative from Berwick, Representative O'Connor.

Representative **O'CONNOR**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. Monopolies are terrific if you happen to be the one that owns the monopoly. I certainly would hope that that was not the intent of this legislation; however, I'm afraid that it will be if this happens to pass through this legislative body.

The 2003, the statewide referendum was for two racinos – that's harness racing with slots at the same facility.

Because this Legislature chose to make changes to the language approved by the voters of Maine, that never happened. The result with the Bangor facility is that instead of a racetrack that offers a diversified gaming experience, the perception is that slots are subsidizing the harness racing industry. Today the Bangor facility has table games and bills itself not as a racino but as a casino. The Oxford casino is on its way to a 2012 opening. To ignore the impact of two casinos on harness racing without providing the opportunity for Scarborough Downs to compete with new gaming products at the same or at a new location will mean the end to an industry as we know it today.

The harness racing industry, the agricultural fairs and their importance as economic engines for Maine agriculture in the \$300 million range has been discounted by the Veterans and Legal Affairs Committee as unimportant due to this bill. Again,

the 2003 statewide referendum was for two racinos – that's harness racing with slots at the same facility.

As has been said, the other contentious part of this bill is the privilege fee of \$250,000 and a minimum bid of \$5 million. This legislation also renders all of the efforts of the tribal negotiations regarding casinos and racinos virtually useless.

This bill is problematic in many forms and I reiterate...monopolies are great if you happen to be the owner...Representative Willette from Presque Isle was right in his no vote and I hope you follow his light and mine. Thank you.

The SPEAKER: The Chair recognizes the Representative from Saco, Representative Pilon.

Representative **PILON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. Mr. Speaker, I rise today to urge caution with regard to LD 1897. First, and perhaps most importantly, I do support a thoughtful and comprehensive and fair gaming policy and LD 1897 is none of the above. Gaming expansion in the state is inevitable, yet we're attempting to push through a bill that for all intents and purposes ignores competition for our southern neighbors, and while the study commission set forth in this legislation does in fact contemplate the impact of gaming in neighboring states, report back is so far out into the future that results will be virtually meaningless. Furthermore, this blue ribbon commission on gaming excludes critical input from resort developers, agricultural fairs, the tourism industry, the chamber of commerce and the public at large.

It's my understanding that the other Representative from Saco and some of my other members of the committee were adamant that stakeholders should not be involved in the discussion, and LD 1897 seems to ignore the fact that the Legislature cannot prevent a potential gaming developer from utilizing the citizen initiative process without first amending the Constitution. If a developer doesn't like the RFP process or any other provision set forth in LD 1897, they can simply include repeal language in their initiative legislation. If the intent here is to limit future referenda on casinos and racinos, I think we've missed the mark. Let's not forget that 2003 statewide referendum was for two racinos. That's harness racing with slots at the same facility. Because the Legislature chose to make changes to the language approved by the voters of Maine, only one facility exists and today the Bangor facility has table games and bills itself not as a racino but as a casino.

LD 1897 appears to neglect the inherent differences between a casino and a racino and the significant impact on harness racing on Maine's agricultural economy. The harness racing industry and the agricultural fairs they subsidize are indeed economic drivers that account for more than \$300 million in annual revenues, yet they are virtually ignored in 1897. Why are we not encouraging and promoting racinos in the legislation or, at the very least, ensuring that the will of the people in 2003 is upheld? There is a project in southern Maine, a willing developer and a willing harness racing partner. The people in York County support a racino, but now we're telling them they have to wait until the blue ribbon commission reports back in 2014.

I also question the arbitrary nature of the privilege fee, a \$250,000 fee, and the minimum bid of \$5 million. By the way, it was suggested at the public hearing by a member of the committee that perhaps the fee should actually be \$85 million. It doesn't seem fair that a Washington County racino should be saddled with the same fees as a facility in southern Maine that would likely be larger in scale. If this bill passes, I am very concerned at the impact of two casinos coupled with what amounts to a moratorium on new gaming. What happens to Maine's harness racing industry?

Finally, I'd like to add I'm a little perplexed at how we go about creating a comprehensive and fair competitive bid process when we already have one licensed casino and another scheduled for completion this year. It seems to me that passage of LD 1897 creates more problems than it solves. I urge you to vote no on LD 1897. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Pittsfield, Representative Fitts.

Representative **FITTS**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I don't want to rehash all that's been said because I think they are valid arguments. I think in a nutshell this bill, if it were properly written, has some potential to have a positive effect on how Maine deals with the gambling industry. It is not in its present form acceptable, so I will not be supporting the Majority Report. It essentially, as drafted, sets up a perpetual system of referendums because of that magic word which we're all familiar with as legislators, notwithstanding. The \$5 million fee is arbitrary and I think had this been considered properly and those parties who have traditionally participated in the discussion had been included, better worded language could have been come up with. But as it stands today, I can't support it. Thank you, Mr. Speaker.

Under suspension of the rules, members were allowed to remove their jackets.

The SPEAKER: The Chair recognizes the Representative from Arundel, Representative Parry.

Representative **PARRY**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I will start with saying that I was for the Oxford Casino and I was for the Biddeford Slots when that first came through and for the first, when they talked about getting racinos. But I'm not for monopolies and I'm afraid that this Commission that's been put together gives a lot of power to the current operators of the casinos and there are many members of the Commission, but I am sure the current operators of the two casinos we have now, or will soon have, will not be working very strongly to create more competition for themselves and I think as the good Representative from Pittsfield said, Representative Fitts, this will just be a continual citizen's referendum. It will force developers into that situation. I think that I was really hoping that we would have a real comprehensive bill and set some real strong rules for gaming in Maine, and I think all this does is sets up for monopolies. With all due respect to the current operators, if we set up a Commission and put Wal-Mart and Target on the Commission and ask them to look into allowing Kohl's to build, we would never do that and I don't think we should do it in this respect. I urge you to vote no on this pending motion. Thank you.

The SPEAKER: The Chair recognizes the Representative from Auburn, Representative Beaulieu.

Representative **BEAULIEU**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. Those of you who are not aware of what's been going on here in the last 10 or 12 years, we've had a perpetual, an ongoing referendum proposal every year. I doubt very much that the passage of this bill will increase that number to any large degree. My hope and I think the good Representative Parry mentioned it, my hope is that this does turn out to be a comprehensive report on gambling and a plan that in fact can be acceptable to all. But that comprehensive plan can't come into effect unless you give that Commission the opportunity

to do so. We haven't done that. Gambling policy in the State of Maine, truthfully, has been developers submitting their proposals in referendum after referendum and asking Maine voters to either agree or disagree with it. The largest majority of the time, they disagreed with it. But in 2011, we asked them to look at three proposals. All were defeated. I don't know. Maybe they were afraid of having that number. I think possibly they were afraid of the extent to which we had gone without having any plan in place that created uniformity and benefits to the state.

It appears to me that the state has been shortchanged in a lot of ways as a direct result of the method that we presently use. So my suspicion is that it is a motive to move this amendment out of the way, they don't like it, or this bill out of the way. But I hope that we in this body look beyond what I consider to be the very obvious and put something into effect which benefits all the people of the state, which brings revenue to the state commensurate with the kind of business activity which they engage in, and protects the integrity of the voters and the wishes which they have expressed over the years. They have talked about a program where we are going to get, or hopefully going to get, something that is positive, a program that is uniform, regulatory in nature, strong enough of course to make sure that it's good for the state and good for the business and industry component as well. So I hope that you'll rethink this process. I think the Commission is in place. It's a good body. Give it time to work, analyze some of the information we're going to get from both Bangor and Oxford, and be fair in your appraisal. I think that it will turn out positively one way or another. Thank you very much, Mr. Speaker, and thank you, members of the House.

The SPEAKER: The Chair recognizes the Representative from Saco, Representative Valentino.

Representative VALENTINO: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I rise today in support of LD 1897. I'd like to call your attention to two handouts that were passed out. One of them, since many people have been reading from the other handouts that were done, was taken by several members of the committee. It was passed out by Representative Beaulieu, Representative Carey and has had much input from the other members of the VLA Committee. I want to remind you that this report is a 12-1 report. Originally the report that came out, it was a unanimous report but one member of the committee rethought his vote, so we gave him the consideration to reconsider the bill so that he could be on the minority, but it is a 12-1 report. I want to just call your attention to the handout and to respond to some of the comments taken from the industry letters that were passed out.

First of all, I want to remind this body that the Harness Racing Commission has received from slot income, from November 2007 to June 2011, \$54 million. So since Hollywood Slots was up and running, the harness racing industry has received \$54 million to help the harness racing industry from slots. In the letter, it says that the bill creates a hardship for the future of harness racing in Maine. Our response is that it does not change, reduce, cap or amend any of the existing money that goes to this industry from slots or table games at Hollywood Casino or Oxford Casino. The Harness Racing Commission will get \$11.6 million this year from Hollywood and \$11.6 million next year from Hollywood, plus an additional \$1.2 million projected from Oxford. This is an estimated \$12.8 million per year, each year, to help the harness racing industry.

The second thing that they say in the letters is that there are a lot of horses that could and would be bred if we had some hope of a new racetrack and racino in southern Maine. Our response in that November 2011, only five months ago, the voters of Maine voted against having a racetrack and slots in southern Maine. LD

1897 does not prevent future casinos. It merely gives the Legislature time to convene the stakeholder group to report back to the Legislature on gambling expansion.

The other point that was said is that this association fully supports comprehensive planning for gaming as it is in the best interest of everyone, but this bill delays the process too long. Our response to that statement is that the purpose of 1897 is to do exactly what they say they support, comprehensive planning. LD 1897 will give the 126th Legislature, the one next year, the information to formulate comprehensive planning that takes into account the new opening of Oxford Casino and the addition of table games to Hollywood Casino. The timelines were not thrown in lightly. The reason that we're not having the committee meet this summer is that Hollywood Slots has just put table games in and Oxford is not up and running. It is not productive to have a meeting before these are up and running. So the idea is to have the meeting once we have credible data. They also state that the makeup of the Commission omits the Maine Association of Agricultural Fairs and lacks a resort developer that is key to any great project. That is true. But the stakeholder group, the Commission in LD 1897 is made up of 18 members. We've changed this composition at least three times in committee. We expanded it. We added other people. The horse industry has three positions on the committee, four positions are for legislators, four positions are for the tribes, two are for the veterans' nonprofits, two are for the casino operators, one is for an economist and two are only anti gaming. So the Commission is abundantly represented by people who want to expand gaming. People that did not make the 18, which we felt was cumbersome, were the Maine Agricultural Fairs because we already had three from the harness racing industry, the Sire Stakes, the Maine community colleges, the University of Maine, the Department of Education, the Maine Milk Commission and of course the senior citizens who receive Drugs for the Elderly. They all receive money from the racino and none of these people are on the commission. We had to draw a line somewhere.

The next statement that they have is that the timeframe ignores the ramifications of potential competition and consequently lost revenues to Massachusetts that is coming and proposals being considered in New Hampshire. Our response was that both the VLA Committee and the VLA Subcommittee that worked on this talked about gaming that was happening in other New England states and across the country. We cannot stop states from building and attracting Maine residents, but we need to make sure that we balance the needs and wants of pro gaming interests, anti gaming opponents and all Maine citizens. That is the purpose that we have under the jurisdiction of VLA, and that is why 1897 allows time to bring the stakeholders together to report and tackle this issue next session.

Their other point was that the harness racing industry, the agricultural fairs and their importance as an economic engine for Maine agriculture in the \$300 million range has been discounted by the Veterans and Legal Affairs Committee as unimportant. Our response is that VLA has never said that these organizations are unimportant. Gaming is under VLA's jurisdiction, therefore VLA must look at all aspects of the gaming and how they relate to all the people of the state, both those for and against gaming. VLA has tried to balance these competing interests. During the past 11 years, there have been eight citizen initiatives to expand gaming and six of them have been turned down.

The other statement that was made is that the 2003 statewide referendum was for two racinos. That's harness racing with slots at the same facility. Because the Legislature chose to make changes to the language approved by the voters of Maine, this never happened. Our response to that was the 2003 vote was

the two racinos, but it was subject to local approval. The voters in Scarborough repeatedly turned down the proposal to put slots at Scarborough Downs. That is why there are no slots at Scarborough Downs, not what the Legislature did but what the citizens of Scarborough did. That was not the Legislature.

I also want to just mention again about the timelines, that we're trying to do it to gather the information from the new revenue that's coming in. We had a subcommittee that met with this. We had many meetings. All of the stakeholders were there. The biggest thing is that we now have a window of opportunity to do something. Five months ago, the citizens of Maine voted down the expansion of gambling. Some people would say this bill actually flies in the face of that, that we should take that as saying that we do not want any more gambling in the State of Maine.

As stated here today, people have said that gaming expansion in Maine is inevitable. Well, if it's inevitable, then we need to get ahead of this and right now there's not a citizen initiative on the ballot so this is our window of opportunity. The \$5 million fee that we threw out was not arbitrary. Massachusetts has \$85 million for a license fee, so if you compare us to Massachusetts on one maybe you should compare in the other. Five million was a starting point for the committee to come back to.

The last point that I want to make is on the second handout that was done, which was an article taken from the *Portland Press Herald*, it was an editorial and the title is "Gaming vote gives Maine a timeout." There is many, many editorials I could tell you for over the years that have said that we need to get ahead of this, but I want to read to you a quote from this. This quote is actually from a member of the other body from the other side of the aisle from me, and he says "I think it's been a real failure that the Legislature and a succession of governors have punted on the issue of gaming and left it to lurch along from referendum to referendum, as opposed to having some kind of comprehensive state policy." We agree and that's what 1897 does.

It also goes on in the editorial which I take a little issue with because I feel I do have stomach for this and I have been talking about this in committee, but it says, a little slam at our committee, it says that lawmakers don't have the stomach to deal with gambling because it's controversial. They go on to say if that's right, then maybe we need some new lawmakers. "And supervision of legalized gambling is not only controversial, it's complicated -- too complicated to be left to ballot questions requiring yes or no answers from voters who don't have access to the depth of information that's needed to make the kind of sophisticated decisions this issue demands. Legislators have repeatedly tossed this hot potato to the voters. Last Tuesday, the voters tossed it back to the Legislature." And I would say, when it was tossed back to us, the result, 12-1 in our committee, was LD 1897 and I would urge you to support the work of the committee. Thank you.

The SPEAKER: The Chair recognizes the Representative from Lewiston, Representative Carey.

Representative CAREY: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I want to rise briefly and explain what my perception of the committee's intent is behind this 12-1 report. There are 151 of us in this body and there are 151 opinions about what we should do on any particular issue and nowhere is that more clear than this particular one. What I believe and what I think I share with my colleagues on the committee is that the Legislature should do its job and that this is an area that needs to be as we're going forward in making policy, we need to make sure that all of the stakeholders are involved in

setting that.

So the process by which this came forward, a little bit of background. This is my fifth year in the Legislature. This is the first year that we could have passed any bill like this because otherwise it would have been a competing measure. It would have gone out to the voters. Because of the way the Constitution works, anything that deals with the same section of statute would go out to the voters. So after five years, we've talked about various types of gambling and not just casino and racino gambling, but also nonprofits, also veterans' organizations, also the lottery. There is a number of different areas in which this implicates, including the ones that we're talking about today.

We created a subcommittee of four members of our committee and they had four hearings, each three hours long on average. Some were shorter, some were longer. There were other members of the committee who were not on the subcommittee who attended. I attended three of them. Representative Chipman from Portland attended some as well and I know that there are other members as well. Then we had a public hearing on the bill. Then we had a number of work sessions, not just on this bill but on other bills that have come before the body and will come before the body again. Then we finally came to a 12-1 report. I really think this is and I hearken back to what Representative Richardson said a couple of days on an entirely separate bill, that one of the things about this body is the committee process and when it works, it's a good thing. I think this is an example of the committee process working.

Now I want to answer some of the specific points that have been brought out of other folks who haven't been able to be part of those conversations and want to make sure that you understand that we did address them in the committee process. First, there was a question about whether or not this will create continued referenda. There is another example that was said earlier that there has been a number of referenda. We all know that. This is a place where it's pretty easy to spend \$5 million on the chance to make \$100. That's fine, that's not going to change. That doesn't mean that the Legislature doesn't have a responsibility to do its job and for each of us to sit here and try to make the best sense of all the information that we get and to put forward a policy.

Second, there have been a number of speakers who have questioned the committee's intent, specifically whether or not we want to stop the citizen initiative process. I can speak for myself. That is very much not what I have an interest in. I have an interest in making sure we get to the best policy for the State of Maine and I strongly believe that this is the best way to get there. There have been concerns that racinos aren't properly represented on this committee. As a matter of fact, the word "racino" does not appear in state law anymore. That was the case in 2003 in the referendum that went there and in the law until then, with the referendum that happened, the latest successful referendum, and then a bill that passed this body earlier this year. There is only the word "casino" in law. Now that doesn't mean that the harness racing industry is unimportant and it's been said that that's been suggested, whether that was the committee's intent, it was suggested that one member of the committee explicitly said "Stakeholders are not important." I would say categorically there is no member of my committee that I believe feels that way and I think that is the case in terms of the continuous support that we've given the harness racing industry when they've come before us on various different options, and I think that's also reflected in the makeup of the stakeholder group.

We've been told on a number of different times, on a number of different bills, that the industry stands together. Anybody who has been in this body before, I ask you to go back to when there

has been any suggestion about changes in the cascade, and the cascade and what happened to the Hollywood Slots, and it was unequivocal that the industry stands together. Fair enough. That industry is represented in four seats on the stakeholder group. The harness racing – I want to be real specific here – a representative of the harness racing horse industry in the state appointed by the President of the Senate, that's the harness racing industry, in particular, may or may not be somebody associated with an agricultural fair. An operator of a commercial harness racing horse track not authorized to operate slot machines. Now, there is only one of those in the state. That's Scarborough Downs. That was, as I understand, the business partner of the referendum that what went forward last year and it appears may go forward again. An off-track betting facility operator, again part of the industry. Then Hollywood Slots itself which creates most of where the \$54 million that's been referenced before.

Also, neighboring states have been mentioned. This has come into the debate in two different ways. First, there was this question that \$85 million was thrown as what the appropriate license should be. Well, \$85 million, as a matter of fact \$85 million is what the license is in the State of Massachusetts. None of us think, none of us and I will even go further, none of us know what the license should be in the State of Maine. We wouldn't know. The only way that a license, that we would know what the exact right number is in some kind of a competitive process, which is why the committee would like to look at what a competitive bid process would be. The concern that we have in the minimum, why the minimum is in there, is that without any language in statute, any developer who wants to have a racino and is concerned about the pace of the Legislature, which remains an option no matter what happens with this bill, any developer can write in what that would cost. Now we've had examples of targeting goals. Nowhere do we have the ability to walk into a commercial establishment and say "This is what I want and I'm going to tell you what I'm going to pay for it." This is just a minimum. If it turns out that that's too high, that can be changed. If it turns out that's too low, that could be changed.

Second, New Hampshire has been mentioned. New Hampshire recently overwhelmingly voted down a proposal to have four casinos or racinos, I'm not exactly sure, facilities that had slots. They voted them down unanimously. There's been concern about this Legislature changed the rules so that another, a second casino wasn't built. The second casino, as has been mentioned, had an opportunity to be built with a local municipal referendum that was not passed.

So I guess I just want to close with my intent and the intent that I believe was shared by the 11 colleagues that supported this is that the Legislature does have a role here. Their role is to set basic policy. Because of the particular policy that we're setting, we think we need to have the input of stakeholders, not just the folks who are in this particular industry but anybody who's touched by it, and that includes veterans' service organizations, that includes the ones that I mentioned before, that includes fraternal organizations, that includes federally recognized tribes, that includes members of the House and the other body to be – they don't have an interest in it, but we should be there and be able to report back to you folks when this comes up in the future – an economist or consultant with experience studying the gambling industry. Finally, and this has not happened with any other group that I'm familiar with and definitely no other group having to do with gaming, representatives from two groups who oppose the expansion of gaming in the state, one from a statewide religious organization and one not necessarily from a religious organization. If that doesn't suggest that the intention of

this committee is not to scuttle something, is not to have a unanimous report that is somehow going to stack the deck against some future applicant, what we want is a report that lays out all of the issues so that we can look at, this Legislature can look at and understand what do we need to be considering when we consider a future casino. I ask you to follow my light and the light of the rest of the committee and vote green on this. Thank you, Mr. Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Skowhegan, Representative McCabe.

Representative **McCABE**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I rise today in opposition to the pending motion and I do so based on concerns that still exist, regardless of what we've heard so far from the harness racing industry and also from the fairs. I think that as we look at this issue and we talk specifically about the harness racing piece, it has a broad effect on our state, whether it's Dayton, Buxton, Saco, Skowhegan, Anson. We have open space because of this industry. If you think of the multiplying effect that the money that goes into harness racing has for agriculture across the state, it's enormous. I think when you look at agriculture as a whole, it's a complex web, even a puzzle, and it's always scary when you start to think about removing pieces of that puzzle. You know, we're not just talking about purses. We're not just talking about money that's handed down through Hollywood Slots. We're talking about indirect things like veterinarian services, feed costs and money that goes to equipment. It has just such a huge and broad geographical effect. I'm really concerned today that we haven't been able to come to some sort of compromise to address the concerns of these folks.

I have heard a lot of things today, a lot of pieces of paper on our desks referenced. But it's really clear to me, it's clear to me today that Maine agriculture can't take a timeout, we can't stop, we can't wait. I think what we need to do is sort of charge forward and we need to look at potential. There is a lot of industry in the State of Maine that can grow just under the potential of growth in the future that, you know, some things may happen, whether it's a racino or whether it's some sort of gaming facility that's tied to a racetrack. I hope that you'll follow my light and I fully support the concept of a competitive bidding process, but I just think that we need to get the framework right and we need to get that framework right from the beginning. Thank you, Mr. Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Bethel, Representative Crockett.

Representative **CROCKETT**: Thank you, Mr. Speaker. Mr. Speaker, Distinguished Members of the House and my Colleagues in the back row. This bill mystifies astrologers, astronauts and has caused great study by meteorologists. Why, because the stars had to come into a certain alignment. For a guy like me who is anti gaming to agree to a bill like this, why do you agree? The reality is we have a patchwork of laws dealing with gaming in the State of Maine. It's more important to be fair than it is to advocate my particular perspective. So what did we do? We came up in its rawest form, we came up with a task force, the membership of which cannot be more broad, more inclusive than what is here. Two Senators, one from each party. Two Representatives, again one from each party. One Representative from each of the tribes. So out of 18 possible members, the tribes will have four. One charitable nonprofit organization, one veterans' organization, one harness racing, one commercial horse track racing, an off-track betting, an operator or representative of each casino. That's only two out of the 18, so despite the monopoly argument you've heard, don't let the facts

get in the way of a good argument because that's only two out of 18. An economist to look at the overall impact and that plays an important part. Why, because the reason you don't report back until 2014 is you're not going to have a good solid chunk of numbers to look at from Oxford and from Bangor before you can analyze and to determine whether there is an area to expand gaming in the State of Maine, because there may not be, but there may be. So we have to be fair and open-minded. That's why the Commission is set up like this. Then the last two out of the 18 are two people who are opposed to the expansion of gaming. This is a very fair and inclusive group. There is no monopoly dominating this group. There is going to be an open and broad conversation. We are going to hear every possible dimension of this argument, and what is that going to make us? Better legislators because we'll have more facts. That's why you have a report that's 12-1. We need to come up; we cannot abdicate our role any longer.

The good Representative from Lewiston has mentioned that we've always dealt with competing measures each year. Well, this is our only opportunity to do something. We can't punt right now. Even I who is an anti gaming person has to agree with the majority of the committee that is in favor of gaming. We have come to some sort of conclusion. The real debacle over this is there's one particular group that wants a seat on the Commission, but you can't give that particular group that lost that referendum a seat unless you're going to give the other organizations that lost at referendum a seat, because we have to be fair above all else. That's all the people of this state rely on is for us to be fair and judicious in our judgment.

So to recap, the membership is comprehensive. Even the anti gaming people think this is at least a fair conversation, a fair platform to have the conversation and we will be doing something that is productive as a body. So I would urge you to support the Majority Report and would request that the Clerk read the Committee Report. Thank you for your time and I hope my comments were brief enough.

The SPEAKER: The Chair would advise the member that the Committee Report is on page 12 in front of you. The Chair recognizes the Representative from Arundel, Representative Parry.

Representative **PARRY**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I'm sorry for getting up a second time. I just kind of wanted to answer a couple of questions that the good Representative from Saco mentioned a few minutes ago. She was absolutely correct. The State of Maine voted down the Biddeford casino. But let's look into those numbers. York County didn't vote it down. The hometown where it was going to go, Biddeford, voted 61-39. Now let's look at the counties that voted against it. Penobscot County, Oxford County. Now I wonder why those two counties voted against the Biddeford casino. As was said before, this is a monopoly for those two casinos. Thank you.

The SPEAKER: The Chair recognizes the Representative from Passamaquoddy Tribe, Representative Soctomah.

Representative **SOCTOMAH**: Thank you, Mr. Speaker. I apologize for getting up for the second time. Back in the 115th, 116th Legislature I introduced the first casino bill in the State of Maine for the Passamaquoddy Tribe. That might be new information for you to consider. In listening to some of the speakers, I heard the word "fair." LD 1897 is not a good bill. It is not a fair bill. When the tribes first proposed a casino in the State of Maine two decades ago, to date we do not still have a casino. However, there is one in the Bangor area and one being developed in Oxford. At that time, when I introduced the legislation, it was said within the legislative body that there will be

no gaming in the State of Maine until there is a group of people to review gaming issues for impact of gaming and actually if the State of Maine does want gaming. At that time, that's what was said. Therefore, we were not allowed to have gaming.

Now you're talking about 1897 to review all those things that were said two decades ago that this body was going to do. It is very confusing for me as a tribal person to sit here and listen and observe what's going on at this level and within the State of Maine. I urge you not to support 1897. Even though the federally recognized tribal members are listed on there, my tribal governors, the two Passamaquoddy tribal governors question as to why they were put on there. I thank you and I apologize for getting up a second time. Thank you for your time.

The SPEAKER: The Chair recognizes the Representative from Portland, Representative Russell.

Representative **RUSSELL**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I think the good Representative from the Passamaquoddy Tribe illustrates some of the challenges that this industry has had over the years. We have, because previous Legislatures refused to address the issue of gaming, preferring to bury their heads in the sands and hope it wouldn't come to Maine at all, ultimately what has happened is that it has come to us through the citizens' initiative process time and time and time again. The point of this bill is to create a means by which we can control the gambling process, and frankly, out of this bill, our hope is or my personal hope is that the Passamaquoddy Tribe would be able to apply directly to the state in the future.

But I wanted to touch on two other things. One is, one of the Representatives mentioned the issue of geography. Oxford Casino competes against Biddeford, competes against Bangor and everybody else competes against Washington County. This creates an opportunity for us to take a comprehensive look at the state and to look in detail at how all gaming impacts each other, because there's only so much market share in the state for gaming. Every time something else goes in, it cannibalizes other aspects of gaming and given that each of us is from a different part of the state and has different geographic loyalties, that impacts our ability to make long-term decisions around gaming. This bill is designed to address that issue.

The final thing that I wanted to talk about, we continue to hear that this hurts the harness racing industry, that this hurts the agricultural industry. There are three things when it comes to gaming that would impact the harness racing industry. First, to close the racino, that would have a \$54 million impact over the course of several years as Representative Valentino pointed out. This does not do that. Two, to stop a racino from taking place, from developing, this does not do that either. A lot of people believe that it does and it doesn't. Yes, it gives us a timeout to be able to process things, but let me remind you that it was the people of Maine just a few short months ago that stopped the development of two racinos. It is not the Legislature and it is certainly not LD 1897 that is stopping the development of a racino.

Finally, the third thing that would hurt the harness racing industry or has the potential to harm the harness racing industry would be to open up the cascade. This bill does not do that either. This is not about the harness racing industry. This is about how we deal with gaming. As the good Representative from Bethel pointed out, there are many people in this state and many in this body who do not believe that gaming should exist in the first place, in any form. It does though in Maine. We are a gaming state. We can continue to bury our heads in the sand and not create a process by which we can make good determinations about how our gaming impacts our people or we

can take the timeout, and a very short timeout frankly, examine all the issues, bring the stakeholders to the table as we have done and create a system that works for all people. And instead of having out-of-state interests drop money on our state for the express purpose of influencing an election and then creating a tax system or a cascade system that may or may not benefit our people, instead we can actually develop a system that ensures that if we are going to have gaming in this state and if we are going to have new gaming in this state, that it ultimately benefits the people of Maine.

I guess the last thing I would point out is that the Veterans and Legal Affairs Committee does not always get along as well as we could. We have dealt with some seriously contentious issues over the last two years. One led to a people's veto and the fact that we were able to come together on this very controversial issue should send a message to this body of just how important it is that we get ahead of the gaming issue instead of continuing to fall further and further and further behind. And as one example of how we've done that, we have two very different cascades and two very different tax systems for the two casinos in this state, and that has everything to do with the fact that we did not have control over the negotiation process. It was entirely put upon us through the citizen's initiative process. I would ask you for once to really think through how hard it is for the Veterans and Legal Affairs Committee to come to an arrangement on such a controversial issue that is so bipartisan, and I would ask that you follow our light and move this forward. Thank you.

The SPEAKER: The Chair recognizes the Representative from Saco, Representative Pilon.

Representative **PILON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. As I've been sitting here listening to the debate and thinking about the likelihood of 18 members of this committee coming to any kind of consensus, I'm thinking about our committees and with 13 or 12 members of the committee trying to reach consensus, how difficult that is. Eighteen members coming from different disciplines trying to come to some kind of consensus in various backgrounds, I'm wondering how realistic it is to think that they would try to come to some kind of consensus, if that in fact is the end game. But what strikes me most is that there are a lot of missing people here. There is no one from the hospitality industry, no one from the tourism industry, again no one from the agricultural fair industry, but that's okay. But that's one issue.

The other issue is going back to what the Representative from Arundel mentioned, that when the referendum came out in November, that Biddeford voted in favor of this and that York County voted in favor of this and that is striking evidence that, you know, there is a demand for a racino in York County. What we're missing in York County is the opportunity to have a facility like this because, obviously, York County is the gateway to Maine. There are tens of thousands that come into Maine every year and to have a facility that has a racino and a resort community that has a facility like this, we don't have a destination or an entertainment destination in York County. This would certainly stimulate the economy in York County and the people in York County have voted for this and that's why this LD 1897 is not the right vehicle at this time. So I, again, cannot support this. Thank you, Mr. Speaker.

The SPEAKER: A roll call has been ordered. The pending question before the House is Acceptance of the Majority Ought to Pass as Amended Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 318

YEA - Beaudoin, Beaulieu, Beavers, Beck, Beliveau, Berry, Black, Blodgett, Boland, Bolduc, Briggs, Bryant, Burns DC, Cain,

Carey, Casavant, Cebra, Chipman, Clark T, Clarke, Cornell du Houx, Crafts, Crockett, Curtis, Damon, Davis, Dill J, Dion, Driscoll, Duchesne, Dunphy, Eberle, Espling, Eves, Flemings, Flood, Fossel, Fredette, Gilbert, Goode, Graham, Guerin, Hamper, Hanley, Harlow, Harmon, Haskell, Hayes, Hinck, Hogan, Hunt, Innes Walsh, Johnson D, Kaenrath, Knapp, Kruger, Kumiega, Lajoie, Longstaff, Luchini, MacDonald, Malaby, Maloney, Martin, Mazurek, McClellan, Monaghan-Derrig, Morrison, Moulton, Nass, Nelson, Newendyke, Peoples, Peterson, Priest, Rankin, Richardson W, Rioux, Rochelo, Rosen, Rotundo, Russell, Sanborn, Stevens, Strang Burgess, Stuckey, Timberlake, Treat, Valentino, Volk, Wagner R, Webster, Welsh, Winsor, Mr. Speaker.

NAY - Ayotte, Bennett, Chapman, Chase, Clark H, Cotta, Cray, Cushing, Dow, Edgecomb, Fitts, Fitzpatrick, Foster, Gifford, Gillway, Harvell, Herbig, Johnson P, Keschl, Knight, Libby, Long, Lovejoy, Maker, McCabe, McFadden, McKane, Morissette, O'Brien, O'Connor, Olsen, Parker, Parry, Picchiotti, Pilon, Plummer, Prescott, Richardson D, Sanderson, Sarty, Shaw, Sirocki, Theriault, Tilton, Turner, Tuttle, Wallace, Waterhouse, Weaver, Willette A, Willette M, Wood.

ABSENT - Bickford, Celli, Kent.

Yes, 95; No, 52; Absent, 3; Vacant, 1; Excused, 0.

95 having voted in the affirmative and 52 voted in the negative, 1 vacancy with 3 being absent, and accordingly the Majority **Ought to Pass as Amended** Report was **ACCEPTED**.

The Bill was **READ ONCE**. **Committee Amendment "A" (H-919)** was **READ** by the Clerk.

On motion of Representative CURTIS of Madison, **TABLED** pending **ADOPTION of Committee Amendment "A" (H-919)** and later today assigned.

ENACTORS

Acts

An Act To Increase Gaming Opportunities for Charitable Fraternal and Veterans' Organizations

(H.P. 1078) (L.D. 1469)

(C. "A" H-887)

Was reported by the Committee on **Engrossed Bills** as truly and strictly engrossed.

On motion of Representative JOHNSON of Eddington, was **SET ASIDE**.

The same Representative **REQUESTED** a roll call on **PASSAGE TO BE ENACTED**.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: The Chair recognizes the Representative from Eddington, Representative Johnson.

Representative **JOHNSON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. This bill, we just discussed the other day so I'm not going to belabor the situation, but in light of the bill that we just passed, 95-52, I think it's time that we really step back and take a look at what we're doing in this state as far as gambling is concerned. This is an extension of gambling. This pains me terribly to stand up and speak against this bill because I am a veteran and I want to work for veterans' organizations. But this is a large attempt to increase gambling in the State of Maine and I think we need to stop and take a look at where we're heading. Do we want a slot machine in every 7-Eleven around town? Do we want them when we get off at the airport in Bangor or in Portland and other places? So I just encourage you to follow my light and vote no on this bill. Thank you.