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Testimony of Representative Christopher W. Babbidge
Presenting

LD 1060, An Act to Increase the State Revenue from Casino Net Income, Reallocate the State Distribution and Provide Tax Uniformity
Before the Committee on Veterans and Legal Affairs

Good Morning Senator Luchini, Representative Caiazzo, and distinguished colleagues on the Committee on Veterans and Legal Affairs. My name is Christopher Babbidge, and I represent House District #8, part of Kennebunk. I bring for your consideration LD 1060, An Act to Increase the State Revenue from Casino Net Income, Reallocate the State Distribution and Provide Tax Uniformity. Thank you for scheduling this public hearing today.

This bill proposes to increase the state share of net income from Maine's two casinos, and change distribution of those dedicated funds to include a portion from both casinos to Maine's indigenous people.

The tribal leaders and I disagree about gaming, and the wisdom of tribal gaming on Indian trust lands in the state of Maine. However, I do understand their frustration with how events have unfolded in recent decades. The Penobscot Nation piggybacked on the example of Seminole bingo in South Florida and operated a successful high-stakes bingo enterprise on Indian Island until state authorities decided to enforce Maine law and close it down. They brought the idea to Connecticut and contracted with the tiny Pequot tribe to run their games for 4 years, although they were bought out early. Of course, the Mashantucket Pequots went on to make Foxwoods the largest casino in the world by both revenue and floor space.

Maine's tribal representatives in the Maine Legislature over the last three decades have sponsored bill after bill to permit an Indian casino and each has failed. A referendum to have a casino in my neck of the woods, York County, was soundly defeated in 2003. But on that same ballot was a question to permit slots at racetracks, unofficially designed for the sequestered location of Scarborough Downs. That passed, making Maine a gambling state and forcing the creation of our Gambling Control Board. Of course, the town of Scarborough rejected the idea, so another racetrack community accepted what became Hollywood Slots. In 2010 Maine voters passed a referendum initiative to permit a casino in the woods of Oxford County by a vote of 50.4% to 49.6% to make Maine a casino state. Soon after Hollywood was allowed to upgrade to casino status. Therefore, Maine has two financially-successful casinos, and neither one is owned by the long-time promoters of the idea, Maine's tribes. Meanwhile, according to the U.S. Department of Interior, almost 43% of the nation's federally-recognized tribes have gaming operations. Maine's tribal leaders are unhappy with where they have landed.

But I am not sympathetic to their proposed solution because I am opposed to expansion of casinos in Maine, and I'm particularly opposed to expansion to multiple locations around the state that federally defined tribal sovereignty could permit.

LD 1060 is a way to make the status quo work better for Maine and for the tribes. I believe 1) the State of Maine, by granting permission for the very existence of gaming, deserves to be an equal partner in sharing proceeds, and 2) that some of the state's share of proceeds should be distributed among Maine's four federally-recognized indigenous peoples. LD 1060 does exactly that.

LD 1060 provides that both of Maine's casinos shall be taxed the same, and that tax is set at 50% of net revenue income for both slot machines and table games. It repeals the current 46% tax on slot income at Oxford and the 1% slot gross income/39% net income tax on Hollywood.

LD 1060 also provides, in effect, that, for as long as gaming is denied to the tribes, the tribes will receive 5% of net revenue income, or 10% of the state share, of both slot and table game revenues from Maine's two casinos. It repeals the 4% of slot net income currently distributed to the Penobscot Nation and Passamaquoddy Tribe from the Oxford casino. This section of law is repealed if tribal gaming becomes a reality in Maine, and the 5% net revenue income allotment would from the time of notice be diverted to the General Fund.

LD 1060 provides that the 5% of net revenue income from both slots and table games from

each casino will be distributed by the Maine State Treasurer to each of the four federally-recognized tribes in proportion as determined by a 17-member Indian Casino Revenue Distribution Committee, which shall report its determinations to the Treasurer and to this committee of jurisdiction by January 1, 2023 and annually thereafter.

Two questions are not addressed in this bill as I have determined to leave the answers to those better informed than I.

First, do the distributions from the state share need to be updated? I realize that making changes to dedicated revenue ruffles some feathers. I know the closing of Scarborough Downs and other events may warrant a reassessment. While I propose an increase in the state share of net revenue income, I believe this is an opportunity for the committee to take the time, or, perhaps assign a study commission, to reassess distribution priorities within that state share.

Second, what is the appropriate distribution to each of the four tribes? Surely, all indigenous peoples who reside in Maine deserve consideration. Each tribe is represented on the Indian Casino Revenue Distribution Committee, although unequally. But no tribe will have an upper hand, and the 6 out of the 17 who are state-appointed representatives will have no financial interest and therefore may serve to mediate disagreements. But I would be fine with an alternative membership model should the committee choose to create one.

I thank you for your attention. I believe this is an improvement on the status quo. I would be pleased to answer any questions if I am able to do so.