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An Act Relating to the Establishment of Casinos

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

Sec. 1. 8 MRSA §1001, sub-§5-C is enacted to read:

5-C. Casino. "Casino" means a facility that offers entertainment to the public in the form of various types of gambling activities, including, but not limited to, slot machines, card games, roulette and other games of chance on which patrons wager something of value with the hope of winning something of value in return.

Sec. 2. 8 MRSA §1001, sub-§5-D is enacted to read:

5-D. Casino operator. "Casino operator" means an entity or entities contracted by the State as an agent of the State for the purpose of operating a casino.

Sec. 3. 8 MRSA §1001, sub-§29-C is enacted to read:

29-C. Net table game revenue. "Net table game revenue" means money, tokens, credits or similar objects or things of value used to play a table game minus money, credits or prizes paid out to winners.

Sec. 4. 8 MRSA §1001, sub-§43-C is enacted to read:

43-C. Table game. "Table game" means a card game, dice game or other game of chance, including, but not limited to, blackjack, poker, dice, craps, roulette, baccarat, money wheels, wheel of fortune or any electronic facsimile of such a game located in a casino. Table games are governed under this chapter and excluded from the definition of "game of chance" in Title 17, section 1831, subsection 5.

Sec. 5. 8 MRSA §1002, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is repealed and the following enacted in its place:

2. Members. The board consists of 7 members appointed by the Governor.

A. Two of the board members must have training or experience in at least one of the following fields:

(1) The gambling industry; and

(2) The harness racing industry.

B. Training or experience in the following fields must be represented to the greatest extent possible:

(1) Substance abuse and gambling addiction services;

(2) Computer science or electronic monitoring and oversight of gambling;

(3) Corporate finance or accounting;

(4) Nonprofit gaming by veterans service organizations; and

(5) Law enforcement.

A member may not simultaneously serve on the board and any other board or commission established by the State.

Sec. 6. 8 MRSA §1003, sub-§1, ¶A, as amended by IB 2009, c. 2, §18, is further amended to read:

A. Regulate, supervise and exercise general control over casinos and the ownership and operation of slot machines and table games, the distribution of slot machines and table games and slot machine facilities and casinos;

Sec. 7. 8 MRSA §1003, sub-§2, ¶H, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

H. Pursuant to subchapter 5, cause the department to investigate all complaints made to the board regarding casinos and ownership, distribution or operation of slot machines and all violations of this chapter or rules adopted under this chapter;

Sec. 8. 8 MRSA §1003, sub-§2, ¶I, as amended by IB 2009, c. 2, §19, is further amended to read:

I. Adopt rules to prevent undesirable conduct relating to the casinos and ownership, distribution and operation of slot machines and table games and slot machine facilities and casinos, including, but not limited to, the following:

(1) The practice of any fraud or deception upon a casino patron, a player of a slot machine or table game or a licensee;

(2) The presence or location of a slot machine or, table game or gambling activity in or at premises that may be unsafe due to fire hazard or other public safety conditions;

(3) The infiltration of organized crime into the ownership, distribution or operation of slot machines or table games and slot machine facilities or casinos; and

(4) The presence of disorderly persons ~~in a location whereat casinos and slot machines are in use~~ machine facilities;

Sec. 9. 8 MRSA §1003, sub-§2, ¶J, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

J. Maintain a central site system of monitoring in real time ~~at both~~ slot machines licensed in accordance with this chapter using an online inquiry and the operation of other gambling activities at casinos using on-site monitoring;

Sec. 10. 8 MRSA §1003, sub-§2, ¶L, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

L. Ensure that the slot machine operator or casino operator does not have access to any system that is capable of programming slot machines;

Sec. 11. 8 MRSA §1003, sub-§2, ¶O, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

O. Cause the central site monitoring system to disable a slot machine operated at a slot machine facility and cause the department to seize the proceeds of that slot machine if the funds from that slot machine have not been distributed, deposited or allocated in accordance with section 1036;

Sec. 12. 8 MRSA §1003, sub-§2, ¶Q, as amended by IB 2009, c. 2, §20, is further amended to read:

Q. Certify monthly to the department a full and complete statement of all gambling revenue from casinos, slot machine and table game revenue, credits disbursed by licensees, administrative expenses and the allocation of slot machine and table game income for the preceding month;

Sec. 13. 8 MRSA §1003, sub-§2, ¶R, as amended by IB 2009, c. 2, §21, is further amended to read:

R. Submit by March 15th an annual report to the Governor and the joint standing committee of the Legislature having jurisdiction over gambling affairs on casino revenue, slot machine and table game revenue, credits disbursed by slot machine operators and table game operators, administrative expenses and the allocation of slot machine and table game income for the preceding year;

Sec. 14. 8 MRSA §1003, sub-§3, ¶G, as amended by IB 2009, c. 2, §23, is further amended to read:

G. Minimum procedures for the exercise of effective control over the internal fiscal affairs of casino operators, slot machine operators, casino operators, slot machine distributors, table game distributors, gambling services vendors and nongambling services vendors, including provisions for the safeguarding of assets and revenues, the recording of cash and evidence of indebtedness and the maintenance of reliable records, accounts and reports of transactions, operations and events, including reports to the board;

Sec. 15. 8 MRSA §1003, sub-§3, ¶H, as amended by IB 2009, c. 2, §24, is further amended to read:

H. Procedures for the annual audit of the books and records of casino operators, slot machine operators, casino operators, slot machine distributors, table game distributors and gambling services vendors;

Sec. 16. 8 MRSA §1003, sub-§3, ¶I, as amended by IB 2009, c. 2, §25, is further amended to read:

I. Establishment of a list of persons who are to be excluded or removed from any casino or slot machine facility or casino, including those persons who voluntarily request that their names be included on the list of excluded persons. These rules must define the standards for exclusion and removal and include standards regarding persons who are career or professional offenders, as defined by rules of the board, whose presence in a casino or slot machine facility or casino would, in the opinion of the board, be inimical to the interest of the State;

Sec. 17. 8 MRSA §1004, sub-§1, ¶D, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

D. Allow the slot machine operator or casino operator to install independent player tracking systems to include cashless technology as approved by the board;

Sec. 18. 8 MRSA §1011, as amended by IB 2009, c. 2, §29, is further amended to read:

§ 1011. License to operate

The board shall exercise authority over the operation of casinos as governed by subchapter 7 and the licensing of all persons participating in the operation, distribution and maintenance of slot machines and table games and slot machine facilities and casinos and over the registration of slot machines and table games.

1. Operator license required for slot machine facility. A person may not operate any slot machine in a slot machine facility in the State unless the person has been issued a license to operate slot machines by the board. A slot machine operator license authorizes a licensee to own or lease slot machines operated at a licensed gambling facility.

1-A. Operator license required for casino. A person may not operate both slot machines and table games in the State unless the person has been issued a casino operator license by the board. A casino operator license authorizes a licensee to own or lease slot machines and table games operated at a casino.

2. Persons eligible for slot machine operator license. The board may accept applications for a license to operate slot machines at a slot machine facility from any person who is licensed to operate a commercial track that satisfies the following criteria:

A. The commercial track is located at or within a 5 mile radius of the center of a commercial track that conducted harness racing with pari-mutuel wagering on more than 25 days during calendar year 2002; and

B. The operation of slot machines at the commercial track is approved by the voters of the municipality in which the commercial track to be licensed is located by referendum election held at any time after December 31, 2002 and before December 31, 2003.

2-A. Person eligible for casino operator license. The board may accept an application for a casino operator license to operate slot machines and table games at a casino from any person if that person and casino satisfy the following criteria:

A. The casino is located on a parcel of land that is:

(1) No less than 50 acres in size; and

(2) Located not more than:

(a) Thirty miles from a Level I or Level II trauma center verified as such by the American College of Surgeons or successor organization;

(b) Fifteen miles from the main office of a county sheriff;

(c) Twenty-five miles from the main office of a state police field troop;

(d) Thirty miles from an interchange of the interstate highway system;

(e) Ten miles from a fire station;

(f) Ten miles from a facility at which harness racing was conducted pursuant to a license from the State Harness Racing Commission for the 2009 racing year; and

(g) One-half mile from a state highway as defined in Title 23, section 1903, subsection 15.

For the purposes of this paragraph, distances are determined by measuring along the most commonly used roadway, as determined by the Department of Transportation;

B. The criteria adopted through rulemaking by the board regarding the licensing of the operation of slot machines and table games;

C. The operation of a casino is approved by the voters of the municipality in which the casino to be licensed is located in a referendum election or by a vote of the municipal officers in the municipality in which the casino is to be licensed and located held at any time after October 1, 2009 and on or before December 31, 2011;

D. The person owns a facility that is within 10 miles of the proposed casino at which harness racing was conducted pursuant to a license from the State Harness Racing Commission for the 2009 racing year; and

E. The slot machines and table games are located and operated in the casino.

3. Requirements for license; continued commercial track licensure. The board may not issue a license to operate a slot machine facility or a casino to any person unless that person demonstrates compliance with the qualifications set forth in sections 1016 and 1019. To maintain eligibility for a slot machine operator license, a licensed commercial track must at all times maintain a license to operate a commercial track, without lapse, suspension or revocation, and a licensed commercial track is not eligible for a license to operate table games but may apply for a license to operate slot machines as long as the licensed commercial track satisfies the requirements of this chapter.

4. Requirement for license; agreement with municipality where slot machines are located. A slot machine operator at a slot machine facility shall enter into an agreement with the municipality where the slot machine operator's slot machines are located that provides for revenue sharing or other compensation, including, but not limited to, a provision requiring the preparation, in conjunction with the municipality, of a security plan for the premises on which the slot machines are located. The revenue-sharing agreement must provide for a minimum payment to the municipality of 3% of the net slot machine income derived from the machines located in the municipality.

5. Renewal. Licenses to operate slot machine facilities or a casino may be renewed upon application for renewal in accordance with this subchapter, subject to board rules.

Sec. 19. 8 MRSA §1020, sub-§3, as amended by IB 2009, c. 2, §37, is further amended to read:

3. Limits on total slot machines. The board shall determine the number of slot machines to be registered in the State. The board shall make this determination based upon the minimum net slot machine income, when distributed pursuant to section 1036, necessary to maintain the harness horse racing industry in this State and the total number of facilities licensed to operate slot machines in the State, except that:

A. The total number of slot machines registered in the State may not exceed ~~3,000~~5,000; and

B. A slot machine operator or a casino operator may not operate more than ~~1,500~~1,000 slot machines at any one ~~commercial track~~slot machine facility or casino and a casino operator may not operate more than 1,500 slot machines at a casino.

Sec. 20. 8 MRSA c. 31, sub-c. 7 is enacted to read:

SUBCHAPTER 7

CASINOS

§ 1071. Casinos to be managed by the board

Notwithstanding Title 17A, chapter 39, the board is responsible for the management and operation of up to 3 casinos in the State through state-contracted casino operators in accordance with this section.

1. Request for proposals to operate casinos. Notwithstanding Title 5, section 1825B, subsection 1, the board shall issue a request for proposals to operate up to 3 casinos in the State in accordance with the competitive bidding process established by Title 5, chapter 155, subchapter 1A.

2. Minimum proposal requirement; municipal approval; preferences. The board may not consider a proposal for a casino under subsection 1 in a region established in accordance with section 1073 unless a minimum of 2 separate proposals have been submitted to operate a casino in that region and the proposal includes certification of approval for a casino by the governing body of the municipality, or the county for an unincorporated place, where the casino is proposed to be located. When considering proposals to operate a casino, the board shall give preference to:

- A. An entity that is working with or on behalf of a federally recognized Indian tribe with reservation or trust land in the State;
- B. An entity that is proposing to locate the casino in a region of proportionately high unemployment; and
- C. An existing commercial track licensed to accept pari-mutuel wagers on harness racing.

3. Profit-sharing formula required. The board shall require in the request for proposals to operate a casino under subsection 1 a profit-sharing formula that demonstrates the revenue to be divided between the General Fund and the casino operator.

4. Minimum investment. An entity submitting a competitive bid to operate a casino under subsection 1 must demonstrate willingness to make a minimum investment of land, buildings and infrastructure at the location of the proposed casino.

5. Privilege fee; term of contract. An entity that successfully bids for a casino contract pursuant to subsection 1 shall pay a minimum privilege fee of \$5,000,000 to the board to be deposited to the General Fund. The term of the contract between the State and a casino operator may not exceed 20 years.

6. Existing slot machine facility; right of refusal. Notwithstanding subsection 1 and in addition to the 3 casinos that are authorized and subject to the competitive bidding process, the board may enter into a contract with an existing slot machine operator licensed to operate slot machines on January 1, 2011 to operate a casino at an existing slot machine facility location. If the slot machine operator opts to have an interest in a casino, the board shall negotiate a contract with the operator that must include a minimum privilege fee of \$3,000,000 payable to the board to be deposited to the General Fund.

The contract must provide for the distribution of slot machine income as described in section 1036 and provide that net table game revenue be deposited to the General Fund in accordance with the percentage established by the contract.

§ 1072. Casino operator to have interest in only one casino

A casino operator may not have an interest in more than one casino in the State. This section does not preclude the slot machine operator of a slot machine facility licensed as of January 1, 2011 from having an interest in a casino.

§ 1073. Location of casinos

The board shall establish by rule 4 regions for the location of casinos. Each region must have a population center that can economically sustain a casino. A casino must be located at least 75 miles from another casino or slot machine facility. If a slot machine operator enters into a contract with the board to operate a casino under section 1071, subsection 6, the location of the slot machine facility must be considered one of the 4 regions. Rules adopted pursuant to this section are major substantive rules as defined in Title 5, chapter 375, subchapter 2A.

§ 1074. State share of gaming revenue

A casino operated in the State shall distribute to the board the state share of net slot machine income and net table game revenue pursuant to contract under section 1071, subsection 6 to be deposited in equal proportions to the funds created by sections 1075, 1076 and 1077.

§ 1075. General purpose aid to education fund

A fund is established within the Department of Education to supplement and not supplant the state share of essential programs and services as required by Title 20A, section 15671 to which the board shall credit a portion of the state share of net slot machine income and net table game revenue in accordance with section 1074.

§ 1076. Veterans tax exemption reimbursement fund

A fund is established within the Department of Administrative and Financial Services, Bureau of Revenue Services to reimburse municipalities for property tax exemptions granted to veterans in accordance with Title 36, chapter 105, subchapter 4 to which the board shall credit a portion of the state share of net slot machine income and net table game revenue in accordance with section 1074.

§ 1077. Homestead exemption reimbursement fund

A fund is established within the Department of Administrative and Financial Services, Bureau of Revenue Services to reimburse municipalities for resident homestead property tax exemptions in accordance with Title 36, chapter 105, subchapter 4B to which the board shall credit a portion of the state share of net slot machine income and net table game revenue in accordance with section 1074.

Sec. 21. Report; legislation. By March 1, 2012 the Department of Public Safety, Gambling Control Board shall submit a report to the joint standing committee of the Legislature having jurisdiction over gambling matters describing the potential locations for casinos and the contents of the request for proposals to be submitted to potential casino operators. The board shall include with the report proposed legislation for the administration of oversight of casinos in the State.

Sec. 22. Transition clause. Notwithstanding the Maine Revised Statutes, Title 8, section 1002, subsection 2, members serving on the Gambling Control Board on the effective date of this Act continue to serve for the remainder of the terms for which they were appointed. After the expiration of the terms of members serving on the effective date of this Act, the appointment of members to fill vacancies on the Gambling Control Board must be made consistent with the provisions of Title 8, section 1002, subsection 2 as repealed and replaced by this Act.

SUMMARY

This bill authorizes the establishment of 3 casinos in the State subject to a competitive bidding process. A successful bidder would win the right to enter into a contract with the State to operate a casino for up to 20 years. A successful bidder is subject to a privilege fee of \$5,000,000 to operate a casino. An existing slot machine operator would also be authorized to enter into a contract with the State to operate a casino at the existing slot machine facility without being subject to the competitive bidding process. The privilege fee for a casino that was an existing slot machine facility is \$3,000,000. As determined by a contract with the State, the state share of net gaming revenue from the casinos would be divided equally among 3 funds that reimburse municipalities for education, veterans property tax exemptions and homestead property tax exemptions.