



# 128th MAINE LEGISLATURE

LD 719

LR 2245(01)

## An Act To Allow Slot Machines or a Casino in York County

**Fiscal Note for Initiated Bill**  
**Committee: Veterans and Legal Affairs**  
**Fiscal Note Required: Yes**

### Fiscal Note

Current biennium cost increase - General Fund  
Current biennium cost increase - Other Special Revenue Funds  
Current biennium revenue increase - General Fund  
Current biennium revenue increase - Other Special Revenue Funds

#### Fiscal Detail and Notes

This citizen initiative allows the Gambling Control Board, within the Department of Public Safety, to accept an application for a slot machine operator license or casino operator license for a facility in York County, so long as the applicant, in 2003, owned at least 51% of an entity licensed to operate a commercial track in Penobscot County and conducted a certain number of harness races in 2002. The municipality where the proposed slot machine facility or casino will be located must vote to approve its operation within the municipality. This initiative increases the total number of slot machines that may be registered in the State by 1,500.

This fiscal note assumes that one applicant will apply for a casino operator license and operate 1,000 slot machines and 24 table games. The casino would be taxed at the rate of 1% of gross slot machine income, 39% of net slot machine income and 16% of net table game income. The facility would generate estimated annual General Fund revenue of \$7,204,947 and estimated annual Other Special Revenue Funds revenue of \$25,130,957.

The applicant will also be required to pay a one-time non-refundable privilege fee and a casino operator license fee that will generate \$250,000 and \$5,000,000, respectively, in General Fund revenue. The applicant will also be required to pay an initial registration fee for each slot machine and table game, generating \$2,500,000 in Other Special Revenue Funds revenue. Renewal fees for the casino operator license, slot machines and table games will generate an estimated annual \$206,400 in Other Special Revenue Funds revenue. Annual state costs associated with 5 positions and other related expenses are estimated to be \$955,017

A market feasibility study on expanded gaming in Maine estimated a 20% reduction in revenue to Oxford Casino if a new southern Maine casino were to open. This fiscal note assumes the same 20% reduction, resulting in an estimated annual state General Fund revenue loss of \$381,117 and Other Special Revenue Funds revenue loss of \$5,984,282. The impact on revenues generated by Hollywood Casino is not expected to be significant.

<b>Summary of Casino Revenue</b>	<b>Annual Estimate</b>
Gross Slot Income	\$659,190,000
Player's Share	\$591,293,430
1% of Gross Slot Income	\$6,591,900

Net Slot Machine Income	\$61,304,670
Licensee's Share of Net Slot Machine Income (61%)	\$37,395,849
State's Share of Net Slot Machine Income (39%)	\$23,908,821
Net Table Game Income	\$10,844,880
Licensee's Share of Net Table Game Income (84%)	\$9,109,699
State's Share of Net Table Game Income (16%)	\$1,735,181

### State Revenues by Fund

#### General Fund

1% of Gross Slot Income	\$6,591,900
General Fund	<u>\$613,047</u>
<b>Subtotal of General Fund Revenue Generated by Facility</b>	<b>\$7,204,947</b>
Loss of General Fund Revenue - Oxford Casino	<u>(\$381,117)</u>
<b>Total General Fund Revenue</b>	<b>\$6,823,830</b>
Casino Operator License	\$5,000,000 (one-time)
Non-Refundable Privilege Fee	\$250,000 (one-time)

#### Other Special Revenue Funds

Gambling Control Board - 3% of Net Table Game Income	\$325,346
Harness Racing Purses	\$6,130,467
Sire Stakes Fund	\$1,839,140
Agricultural Fair Support Fund	\$1,839,140
Department of Education (K-12)	\$7,106,506
University of Maine Scholarship Fund and Maine Maritime Academy	\$1,226,094
Maine Community College System	\$613,047
Fund to Encourage Racing at Maine's Commercial Tracks *	\$1,226,093
Municipalities (used to reduce property taxes)	\$1,839,140
Tribal Governments of the Penobscot Nation and Passamaquoddy Tribe	\$613,047
Drug Education Initiatives	\$613,047
DHHS - to supplement programs at the Office of Aging and Disability Services	\$613,047
Municipality where slot machines are located	\$829,945
Gambling Addiction Prevention and Treatment Fund **	\$100,000
Coordinated Veterans Assistance Fund	<u>\$216,898</u>
<b>Subtotal of Other Special Revenue Funds Generated by Facility</b>	<b>\$25,130,957</b>
Gambling Control Board - Annual Renewal Fees	\$206,400
Loss of Other Special Revenue Funds Revenue - Oxford Casino	<u>(\$5,984,282)</u>
<b>Total Other Special Revenue Funds Revenue</b>	<b>\$19,353,075</b>
Table Games - Initial Gaming Table Fee	\$2,400,000 (one-time)
Slot Machines - Initial Registration Fee	\$100,000 (one-time)

**Total Revenue - All Funds** **\$26,176,905**

\*If all commercial tracks obtain a license to operate slot machines, then the amount distributed from Hollywood Casino and this casino to the Fund to Encourage Racing at Maine's Commercial Tracks would then be deposited into the General Fund.

\*\* Fiscal years ending June 30, 2018 and June 30, 2019 - \$50,000, thereafter - \$100,000

#### Summary of Expenditure Impacts to the State

Gambling Control Board - General Fund	\$429,947
Gambling Control Board - Other Special Revenue Funds	<u>\$525,070</u>
<b>Total Expenditures - All Funds</b>	<b>\$955,017</b>