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VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 1078, L.D. 1469, Bill, "An Act To Permit Video Gaming for Money Conducted by Nonprofit Organizations"

Amend the bill by striking out the title and substituting the following:

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

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

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

5-C. Charitable nonprofit organization. "Charitable nonprofit organization" means a fraternal beneficiary society, order or association exempt from taxation under the United States Internal Revenue Code, Section 501(c)(8), a domestic fraternal society, order or association exempt from taxation under the United States Internal Revenue Code, Section 501(c)(10) or a veterans' organization exempt from taxation under the United States Internal Revenue Code, Section 501(c)(19) that:

A. As of October 1, 2012 has been conducting gaming under Title 17, chapter 13-A or 62 for at least 2 consecutive years; and

B. Has owned or leased for a minimum of 2 consecutive years the building that serves as the primary location of the organization's administrative operations and where the slot machine will be operated.

Sec. 2. 8 MRSA §1011, sub-§2-B is enacted to read:

2-B. Charitable nonprofit organizations eligible for slot machine operator license. Beginning October 1, 2013, the board may accept an application for a license to operate a slot machine from a charitable nonprofit organization located in the State. The application process is governed by this subsection.

A. The organization shall submit an application demonstrating that it is a charitable nonprofit organization eligible for a license to operate a slot machine. A refundable

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1 administrative deposit of \$5,000 must accompany the application. The organization
2 must:

3 (1) Be able to demonstrate that a majority of the revenue, after deductions for
4 reasonable expenses, generated from gaming conducted under Title 17, chapter
5 13-A or 62 has been used for the charitable purpose of the organization;

6 (2) Be able to demonstrate that the building in which the slot machine will be
7 operated is located in a municipality that has approved, either by the voters of the
8 municipality or the municipal officers, the operation of slot machines;

9 (3) Be able to demonstrate that it has at least \$2,000 in cash reserved in a
10 segregated account for each slot machine the organization intends to operate if
11 issued a license; and

12 (4) Meet other criteria established by the board pursuant to rule regarding the
13 licensing and operation of slot machines, including, but not limited to, a
14 requirement that the organization identify and submit to the board a list of the
15 charitable purposes for which the revenue from the operation of the slot machine
16 will be used.

17 B. The board may not issue a license to a charitable nonprofit organization unless
18 that organization demonstrates compliance with the qualifications and requirements
19 of sections 1016 and 1019 and demonstrates that there is no other electronic video
20 machine or similar machine, as defined by Title 17, section 1831, on the premises
21 where the slot machine will be operated. As used in this paragraph, "electronic video
22 machine or similar machine" does not include a machine that dispenses preprinted
23 lucky seven or similar sealed tickets that the charitable nonprofit organization is
24 licensed to sell under Title 17, chapter 62.

25 C. If at any time the number of applications received by the board exceeds the
26 number of slot machine licenses that may be granted pursuant to section 1020,
27 subsection 3, paragraph D, the board may use a lottery system, as developed by rule,
28 to determine the order in which the applications will be considered.

29 D. Prior to October 1, 2013, a charitable nonprofit organization that seeks to obtain
30 a license to operate a slot machine may file a declaration of intent with the board,
31 accompanied by a \$250 fee. The declaration of intent must include the following:

32 (1) The name and address of the treasurer of the charitable nonprofit
33 organization and the name of at least one official on the governing board of the
34 charitable nonprofit organization who will submit the application to the board;

35 (2) The deed, rental agreement or lease agreement for the premises where the
36 charitable nonprofit organization intends to operate the slot machine;

37 (3) State and federal tax returns of the charitable nonprofit organization for the
38 immediately prior 2 calendar years; and

39 (4) Copies of disposition of funds reports from the operation of games of chance
40 or beano conducted by the charitable nonprofit organization for the immediately
41 prior 2 calendar years.

1 This paragraph is repealed October 1, 2013.

2 **Sec. 3. 8 MRSA §1011, sub-§4**, as amended by PL 2005, c. 663, §6, is further
3 amended to read:

4 **4. Requirement for license; agreement with municipality where slot machines**
5 **are located.** A Except for operators who are charitable nonprofit organizations, a slot
6 machine operator shall enter into an agreement with the municipality where the slot
7 machine operator's slot machines are located that provides for revenue sharing or other
8 compensation, including, but not limited to, a provision requiring the preparation, in
9 conjunction with the municipality, of a security plan for the premises on which the slot
10 machines are located. The revenue-sharing agreement must provide for a minimum
11 payment to the municipality of 3% of the net slot machine income derived from the
12 machines located in the municipality.

13 **Sec. 4. 8 MRSA §1016, sub-§1, ¶D**, as amended by IB 2009, c. 2, §33, is further
14 amended to read:

15 D. In the case of a person who is not a charitable nonprofit organization applying to
16 be a slot machine operator or casino operator, the person has sufficient knowledge
17 and experience in the business of operating slot machines or casinos to effectively
18 operate the slot machine facilities or casino to which the license application relates in
19 accordance with this chapter and the rules and standards adopted under this chapter;

20 **Sec. 5. 8 MRSA §1016, sub-§3**, as enacted by PL 2003, c. 687, Pt. A, §5 and
21 affected by Pt. B, §11, is amended to read:

22 **3. Applicant other than individual.** If the person, other than a charitable nonprofit
23 organization, required to meet the minimum qualifications and suitability requirements
24 specified in subsections 1 and 2 is a business organization, the key executives, directors,
25 officers, partners, shareholders, creditors, owners and associates of the person must meet
26 the suitability requirements specified in subsection 2. For a charitable nonprofit
27 organization required to meet the minimum qualifications and suitability requirements
28 specified in subsections 1 and 2, at least 2 officers of the governing board of the
29 organization, one of whom must be the treasurer, must meet the suitability requirements
30 specified in subsection 2.

31 **Sec. 6. 8 MRSA §1017, sub-§1-A** is enacted to read:

32 **1-A. Exception for charitable nonprofit organization.** Notwithstanding the
33 requirements of subsection 1 regarding for whom the information must be supplied, an
34 application submitted by a charitable nonprofit organization must include the information
35 required by subsection 1 for at least one officer with decision-making authority in the
36 organization and the treasurer of the organization.

37 **Sec. 7. 8 MRSA §1018, sub-§1**, as amended by PL 2011, c. 417, §4, is further
38 amended to read:

39 **1. Fees.** The application fee for a license and the annual fee for a registered slot
40 machine or table game under this chapter are as set out in this subsection.

41 A. The initial registration fee for a registered slot machine is \$100. The annual
42 renewal fee is \$100 for each registered slot machine.

1 A-1. The initial registration fee for a registered table game is \$100. The annual
2 renewal fee is \$100 for each registered table game.

3 B. The initial application fee for a slot machine distributor license is \$200,000. The
4 annual renewal fee is \$75,000.

5 B-1. The initial application fee for a table game distributor license is \$5,000. The
6 annual renewal fee is \$1,000.

7 C. ~~The~~ Except as provided in paragraph C-2, the initial application fee for a slot
8 machine operator license is \$200,000.—~~The, and the~~ annual renewal fee is \$75,000
9 plus an amount, set by rules of the board, equal to the cost to the board of licensing
10 slot machine operators and determined by dividing the costs of administering the slot
11 machine operator licenses by the total number of slot machine operators licensed by
12 the board.

13 C-1. The initial application fee for a casino operator license is \$225,000, except that
14 the initial application fee for an applicant that is a commercial track that was licensed
15 to operate slot machines as of January 1, 2011 is \$25,000. The annual renewal fee is
16 \$80,000 plus an amount, set by rules of the board, equal to the cost to the board of
17 licensing casino operators and determined by dividing the costs of administering the
18 casino operator licenses by the total number of casino operators licensed by the
19 board. In addition, a casino operator shall pay an initial gaming table fee of \$100,000
20 for the privilege to operate each gaming table for a period of 20 years as long as the
21 casino operator is licensed. Each gaming table is also subject to an annual gaming
22 table renewal fee of \$1,000. The gaming table fees authorize the casino operator to
23 conduct any authorized table game at the gaming table during the 20-year period. A
24 casino licensed in accordance with section 1011, subsection 2-A, paragraph A is not
25 required to pay the gaming table fees until after one calendar year of table game
26 operation. Fees collected in accordance with this paragraph must be deposited to the
27 Gambling Control Board administrative expenses Other Special Revenue Funds
28 account, which is a nonlapsing dedicated account.

29 C-2. The initial application fee for a slot machine operator license for a charitable
30 nonprofit organization is \$1,000. The annual renewal fee is \$350.

31 D. The annual application fee for a license for a gambling services vendor is \$2,000.

32 E. The initial application fee for an employee license under section 1015 is \$250.
33 The annual renewal fee is \$25.

34 In addition to the application fee for a license or annual fee for a registered slot machine
35 or table game, the board may charge a one-time application fee for a license or
36 registration listed in paragraphs A to C-1, D and E in an amount equal to the projected
37 cost of processing the application and performing any background investigations. If the
38 actual cost exceeds the projected cost, an additional fee may be charged to meet the actual
39 cost. If the projected cost exceeds the actual cost, the difference may be refunded to the
40 applicant. All fees collected pursuant to this section must be deposited directly to the
41 General Fund, except that \$25,000 of the annual renewal fee for a slot machine operator
42 or casino operator must be deposited to the Gross Slot Income Other Special Revenue
43 Fund account within the Gambling Control Board to be transferred to the municipality in
44 which the slot machine facility or casino is operated, in accordance with subsection 2.

1 All application and registration fees are nonrefundable and are due upon submission of
2 the application.

3 **Sec. 8. 8 MRSA §1019, sub-§6**, as amended by PL 2011, c. 417, §5, is further
4 amended to read:

5 **6. Proximity of licensed casinos and slot machine facilities.** A Except for a
6 license issued to a charitable nonprofit organization to operate a slot machine, a casino
7 operator license or slot machine operator license may not be issued under this chapter to
8 operate any casino or slot machine facility located within 100 miles of a licensed casino
9 or slot machine facility. This subsection does not prohibit a commercial track that was
10 licensed to operate slot machines on January 1, 2011 from obtaining a casino operator
11 license for the same facility where slot machines were operated as of January 1, 2011.

12 **Sec. 9. 8 MRSA §1019, sub-§7**, as amended by PL 2011, c. 417, §6, is further
13 amended to read:

14 **7. Statewide and county referendum; municipal vote.** After January 1, 2011, ~~any~~
15 a proposed casino or slot machine facility may not be issued a license unless it has been
16 approved by a statewide referendum vote and a vote of the municipal officers or
17 municipality in which the casino or slot machine facility is to be located, except that a
18 commercial track licensed to operate slot machines on January 1, 2011 is only required,
19 as a condition to obtain a casino license, to receive approval to operate a casino by means
20 of a referendum of the voters of the county in which the commercial track is located.
21 This subsection does not apply to the issuance of a license to a charitable nonprofit
22 organization to operate a slot machine under section 1011, subsection 2-B.

23 **Sec. 10. 8 MRSA §1019, sub-§§8 and 9** are enacted to read:

24 **8. Maintenance contract required for charitable nonprofit organizations**
25 **licensed to operate slot machines.** A charitable nonprofit organization licensed to
26 operate slot machines in accordance with this chapter shall enter into a contract with a
27 licensed slot machine distributor or, with approval of the board, a 3rd party for the
28 maintenance of slot machines.

29 **9. Segregated account for net slot machine income distribution by charitable**
30 **nonprofit organizations.** In accordance with rules established by the board, a charitable
31 nonprofit organization licensed in accordance with this chapter shall establish a
32 segregated account for the deposit of net slot machine income as required by section
33 1036, subsection 2-D. The board may require that the segregated account for the deposit
34 of net slot machine income include authorization for the board to make withdrawals to
35 ensure compliance with the distributions required by section 1036, subsection 2-D.

36 **Sec. 11. 8 MRSA §1020, sub-§2, ¶G**, as enacted by PL 2003, c. 687, Pt. A, §5
37 and affected by Pt. B, §11, is amended to read:

38 G. Must have a minimum average daily aggregate payback percentage of 89%
39 computed for all slot machines operated at each slot machine facility on a weekly
40 basis. A slot machine operated by a charitable nonprofit organization must have a
41 minimum average daily aggregate payback percentage of 80% computed for all slot
42 machines operated at the facility of each charitable nonprofit organization on a
43 weekly basis; and

1 **Sec. 12. 8 MRSA §1020, sub-§3**, as amended by IB 2009, c. 2, §37, is further
2 amended to read:

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

7 A. The total number of slot machines registered in the State may not exceed ~~3,000~~
8 3,250; and

9 B. A slot machine operator may not operate more than 1,500 slot machines at any
10 one commercial track and a casino operator may not operate more than 1,500 slot
11 machines at a casino;

12 C. A charitable nonprofit organization licensed under this chapter may not operate
13 more than 5 slot machines on the licensed premises of that charitable nonprofit
14 organization; and

15 D. Until October 1, 2014, the total number of slot machines operated by all
16 charitable nonprofit organizations licensed in accordance with this chapter may not
17 exceed 100. Beginning October 1, 2014, the total number of slot machines operated
18 by all charitable nonprofit organizations licensed in accordance with this chapter may
19 not exceed 250.

20 **Sec. 13. 8 MRSA §1031-A** is enacted to read:

21 **§1031-A. Charitable nonprofit organizations; age limit on slot machine use; play**
22 **limited to members and guests; access by minors; credit prohibited**

23 Notwithstanding the provisions of section 1031, the following provisions apply to
24 slot machines operated by a charitable nonprofit organization.

25 **1. Minimum age.** A charitable nonprofit organization slot machine operator may
26 not permit a person under 21 years of age to play a slot machine.

27 **2. Play limited to members and guests.** When slot machines are operated under
28 this section, there must be one member of the charitable nonprofit organization present
29 for every 2 nonmembers present.

30 **3. Placement of slot machines.** A charitable nonprofit organization slot machine
31 operator shall place slot machines in an area where persons under 21 years of age are
32 prohibited except for occasional events when slot machines are not operational.

33 **4. Credit prohibited.** A charitable nonprofit organization slot machine operator
34 may not allow the use of a credit card or debit card by a person to play a slot machine.

35 **Sec. 14. 8 MRSA §1035-B** is enacted to read:

36 **§1035-B. Location of slot machines operated by charitable nonprofit organizations**

37 Notwithstanding section 1035, a slot machine operated by a charitable nonprofit
38 organization may be located only on the premises of that charitable nonprofit
39 organization licensed in accordance with this chapter.

COMMITTEE AMENDMENT “ ” to H.P. 1078, L.D. 1469

1 support the charitable purposes of the fraternal organization or veterans' service
2 organization.

3

FISCAL NOTE REQUIRED

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(See attached)