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An Act To Allow the Awarding of Prize Money from Gambling Machines Run by Nonprofit Organizations

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

Sec. 1. 8 MRSA §1003, sub-§2, ¶M, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

M. Inform commercial track operators and nonprofit organizations applying for a license to operate slot machines that any slot machines licensed by the board must be compatible with the central site system of on-line monitoring used by the board;

Sec. 2. 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 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 ~~sections~~sections 1036 and 1037;

Sec. 3. 8 MRSA §1003, sub-§2, ¶P, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

P. Collect all funds and taxes due to the State under sections 1018 ~~and~~, 1036;and 1037;

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

§ 1011. License to operate

The board shall exercise authority over the licensing of all persons participating in the operation, distribution and maintenance of slot machines and slot machine facilities and over the registration of slot machines.

1. Operator license required. A person may not operate any slot machine 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.

2. Eligible persons. The board may accept applications for a license to operate slot machines from nonprofit organizations eligible for a beano license pursuant to Title 17, chapter 13-A or 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.

3. Requirements for license; continued commercial track licensure. The board may not issue a license to operate slot machines to any person unless that person demonstrates compliance with the qualifications set forth in sections 1016 and 1019. ~~A Except for nonprofit organizations eligible for a beano license pursuant to Title 17, chapter 13-A, a person who is granted a license to operate slot machines must maintain a license to operate a commercial track, without lapse, suspension or revocation for the duration of the slot machine operator's license.~~

4. Requirement for license; agreement with municipality where slot machines are located. A slot machine operator 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% for slot machine operators who are the operators of a commercial track and 10% for nonprofit organizations of the net slot machine income derived from the machines located in the municipality.

5. Renewal. Licenses to operate slot machines may be renewed upon application for renewal in accordance with this subchapter, subject to board rules.

Sec. 5. 8 MRSA §1012, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

§ 1012. Local approval for renewal of slot machine operator license

An application for renewal of a slot machine operator license must first be approved under this section by the municipal officers of the municipality in which the commercial track with slot machines or nonprofit organization is located or, if the commercial track or nonprofit organization is in an unincorporated place, the application must be approved by the county commissioners of the county in which the commercial track with slot machines is located.

1. Hearings. Municipal officers or county commissioners, as the case may be, may hold a public hearing for the consideration of a request for the renewal of a license to operate slot machines, except that, when an applicant has held a license for the prior 5 years and a complaint has not been filed with the board against the applicant within that time, the applicant may request a waiver of the hearing.

A. The board shall prepare and supply application forms for public hearings under this subsection.

B. Municipal officers or county commissioners, as the case may be, shall provide public notice of any hearing held under this section by causing, at the applicant's prepaid expense, a notice stating the name and place of the hearing to appear on at least 3 consecutive days before the date of the hearing in a daily newspaper having general circulation in the municipality where the premises of

the commercial track with slot machines or nonprofit organization are located or one week before the date of the hearing in a weekly newspaper having general circulation in the municipality where the premises are located.

C. If municipal officers or county commissioners, as the case may be, fail to take final action on an application for a renewal of a slot machine operator license within 60 days of the filing of an application, the application is considered approved and ready for action by the board. For purposes of this paragraph, the date of filing of the application is the date the application is received by the municipal officers or county commissioners.

2. Findings. In granting or denying an application under this section, municipal officers or the county commissioners shall indicate the reasons for their decision and provide a copy to the applicant. A license may be denied on one or more of the following grounds:

A. Noncompliance of the commercial track or nonprofit organization licensed to operate slot machines with any local zoning ordinance or other land use ordinance not directly related to slot machine operations;

B. Conditions of record such as waste disposal violations, health or safety violations or repeated parking or traffic violations on or in the vicinity of the premises of the commercial track or nonprofit organization with slot machines and caused by persons patronizing or employed by the commercial track or nonprofit organization licensed to operate slot machines or other such conditions caused by persons patronizing or employed by the premises that unreasonably disturb, interfere with or affect the ability of persons or businesses residing or located in the vicinity of the premises to use their property in a reasonable manner;

C. Repeated incidents of record of breaches of the peace, disorderly conduct, vandalism or other violations of law on or in the vicinity of the premises of the commercial track or nonprofit organization with slot machines and caused by persons patronizing or employed by the commercial track or nonprofit organization licensed to operate slot machines; and

D. A violation of any provision of this chapter.

3. Appeal to board. Any applicant aggrieved by the decision of the municipal officers or county commissioners under this section may appeal to the board within 15 days of the receipt of the written decision of the municipal officers or county commissioners. The board shall hold a public hearing in the city, town or unincorporated place where the premises of the commercial track or nonprofit organization with slot machines are situated. In acting on such an appeal, the board may consider all licensure requirements and findings referred to in subsection 2. If the decision appealed is an application denial, the board may issue the license only if it finds by clear and convincing evidence that the decision was without justifiable cause.

4. Appeal to District Court. Any person or governmental entity aggrieved by a board decision under this section may appeal the decision to the District Court within 30 days of receipt of the written decision of the board. An applicant who files an appeal or who has an appeal pending shall pay the license renewal fee the applicant would otherwise pay. Upon resolution of the appeal, if an applicant's license renewal is denied, the board shall refund the applicant the prorated amount of the unused license fee.

Sec. 6. 8 MRSA §1016, sub-§1, ¶B, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

B. The person has sufficient financial assets and responsibility to meet any financial obligations imposed by this chapter and, except for nonprofit organizations, if applying for a slot machine operator license or slot machine operator license renewal, has sufficient financial assets and responsibility to continue operation of a commercial track;

Sec. 7. 8 MRSA §1018, sub-§1, as amended by PL 2005, c. 663, §7, is further amended to read:

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

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

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

C. The initial application fee for a slot machine operator license for the operator of a commercial track is \$200,000. The initial application fee for a slot machine operator license for a nonprofit organization is \$1,000. The annual renewal fee for a slot machine operator license for the operator of a commercial track is \$75,000 plus an amount, set by rules of the board, equal to the cost to the board of licensing slot machine operators and determined by dividing the costs of administering the slot machine operator licenses by the total number of slot machine operators licensed by the board. The annual renewal fee for a slot machine operator license for a nonprofit organization is \$250.

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

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

In addition to the application fee for a license or annual fee for a registered slot machine, the board may charge a one-time application fee for a license or registration listed in paragraphs A to E in an amount equal to the projected cost of processing the application and performing any background investigations. If the actual cost exceeds the projected cost, an additional fee may be charged to meet the actual cost. If the projected cost exceeds the actual cost, the difference may be refunded to the applicant. All fees collected pursuant to this section must be deposited directly to the General Fund, except that \$25,000 of the annual renewal fee for a slot machine operator who is the operator of a commercial track must be deposited to

the Gross Slot Income Other Special Revenue Fund account within the Gambling Control Board to be transferred to the municipality in which the slot machines are operated, in accordance with subsection 2. All application and registration fees are nonrefundable and are due upon submission of the application.

Sec. 8. 8 MRSA §1018, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, §11, is amended to read:

2. Term of license; renewal, renewal fees. All licenses issued by the board under this chapter are effective for one year, unless revoked or surrendered pursuant to subchapter 5. Upon proper application and payment of the required fees and taxes and in accordance with rules adopted by the board, the board may renew a license for an additional year if municipal approval has been obtained as provided in section 1012. The board shall transfer \$25,000 of the renewal fee required by of a slot machine operator who operates a commercial track pursuant to subsection 1, paragraph C to the municipality in which the slot machines are operated.

Sec. 9. 8 MRSA §1020, sub-§3, as amended by PL 2005, c. 663, §9, 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, except that:

A. The total number of slot machines registered in the State at a slot machine facility operated by the operator of a commercial track may not exceed 1,500; and

B. A slot machine operator that is a nonprofit organization may not operate more than 1,500 slot machines at any one commercial track at any one location of that nonprofit organization.

Sec. 10. 8 MRSA §1036, as amended by PL 2005, c. 563, §10 and c. 663, §§11 and 12, is repealed and the following enacted in its place:

§ 1036. Allocation of funds from slot machines operated by the operator of a commercial track

1. Distribution for administrative expenses of board. A slot machine operator who is the operator of a commercial track shall collect and distribute 1% of gross slot machine income to the Treasurer of State for deposit in the General Fund for the administrative expenses of the board.

2. Distribution from commercial track. A slot machine operator who is the operator of a commercial track shall collect and distribute 39% of the net slot machine income from slot machines operated by the slot machine operator to the board for distribution by the board as follows:

A. Three percent of the net slot machine income must be deposited to the General Fund for administrative expenses of the board, including gambling addiction counseling services, in accordance with rules adopted by the board;

B. Ten percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the fund established in section 298 to supplement harness racing purses;

C. Three percent of the net slot machine income must be credited by the board to the Sire Stakes Fund created in section 281;

D. Three percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Agricultural Fair Support Fund established in Title 7, section 91;

E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller to be credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E;

F. Two percent of the net slot machine income must be forwarded by the board to the University of Maine System Scholarship Fund created in Title 20-A, section 10909;

G. One percent of the net slot machine income must be forwarded by the board to the board of trustees of the Maine Community College System to be applied by the board of trustees to fund its scholarships program under Title 20-A, section 12716, subsection 1;

H. Four percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Encourage Racing at Maine's Commercial Tracks, established in section 299; however, the payment required by this paragraph is terminated when all commercial tracks have obtained a license to operate slot machines in accordance with this chapter;

I. Two percent of the net slot machine income must be forwarded by the board to the Treasurer of State, who shall credit the money to the Fund to Stabilize Off-track Betting Facilities established by section 300, as long as a facility has conducted off-track wagering operations for a minimum of 250 days during the preceding 12-month period in which the first payment to the fund is required. After 48 months of receiving an allocation of the net slot machine income from a licensed operator, the percent of net slot machine income forwarded to the Fund to Stabilize Off-track Betting Facilities is reduced to 1% with the remaining 1% to be forwarded to the State in accordance with subsection 1; and

J. One percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located.

3. Failure to deposit funds. A slot machine operator who is the operator of a commercial track who knowingly or intentionally fails to comply with this section commits a Class C crime. In addition to any other sanction available by law, the license of that person may be revoked by the board and the slot machines operated by that slot machine operator may be disabled, and the slot machines, slot machines' proceeds and associated equipment may be confiscated by the board and are subject to forfeiture under Title 17-A, section 959 or 960.

4. Late payments. The board may adopt rules establishing the dates on which payments required by this section are due. All payments not remitted when due must be paid together with interest on the unpaid balance at a rate of 1.5% per month.

Sec. 11. 8 MRSA §1037 is enacted to read:

§ 1037. Allocation of funds from slot machines operated by nonprofit organizations

1. Distribution for administrative expenses of the board. A slot machine operator that is a nonprofit organization shall collect and distribute 1% of gross slot machine income to the Treasurer of State for deposit in the General Fund for the administrative expenses of the board.

2. Distribution from nonprofit organization. A slot machine operator that is a nonprofit organization shall collect and distribute 35% of the net slot machine income from slot machines operated by the slot machine operator to the board for distribution by the board as follows:

A. Twenty-four percent of the net slot machine income must be deposited to the General Fund for administrative expenses of the board, in accordance with rules adopted by the board and as required by subsection 3;

B. One percent of the net slot machine income must be used to fund gambling addiction counseling services; and

C. Ten percent of the net slot machine income must be forwarded directly to the municipality in which the slot machines are located.

3. Distribution to Citizen Trade Policy Commission. Two hundred thousand dollars must be forwarded by the board to the Treasurer of State, who shall forward the funds to the Citizen Trade Policy Commission as established by Title 5, section 12004-I, subsection 79-A and in accordance with Title 10, chapter 1-A. Funds distributed in accordance with this subsection are designated for contracted staff services, member travel expenses and fees for speakers and trade policy experts invited by the commission to attend meetings of the commission.

4. Failure to deposit funds. A slot machine operator that is a nonprofit organization who knowingly or intentionally fails to comply with this section commits a Class C crime. In addition to any other sanction available by law, the license of that person may be revoked by the board and the slot machines operated by that slot machine operator may be disabled, and the slot machines, slot machines' proceeds and associated equipment may be confiscated by the board and are subject to forfeiture under Title 17-A, section 959 or 960.

5. Late payments. The board may adopt rules establishing the dates on which payments required by this section are due. All payments not remitted when due must be paid together with interest on the unpaid balance at a rate of 1.5% per month.

SUMMARY

This bill provides that nonprofit organizations eligible for a license to conduct beano are eligible to be licensed to operate up to 5 slot machines per nonprofit organization location. The slot machines operated by the nonprofit organization are subject to the same oversight and regulation as slot machines operated by the operator of a commercial track. The distribution of funds from slot machines operated by nonprofit organizations required by this bill is:

1. One percent of gross slot machine income to the General Fund for administrative costs of the Gambling Control Board;
2. Twenty-four percent of net slot machine income to the General Fund for administrative costs of the Gambling Control Board and \$200,000 for the Citizen Trade Policy Commission;
3. One percent of net slot machine income for gambling addiction services; and
4. Ten percent of net slot machine income directly to the municipality where the slot machines are located.