

# 127th MAINE LEGISLATURE 

# FIRST REGULAR SESSION-2015 

Legislative Document
No. 1446
H.P. 990

House of Representatives, June 16, 2015

An Act To Authorize a Casino To Benefit Federally Recognized Indian Tribes in the State

Reported by the Majority from the Joint Standing Committee on Veterans and Legal Affairs pursuant to Resolve 2013 chapter 111, section 3.

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\mathfrak{P}+\underset{\substack{\text { ROBERT B. HUNT } \\ \text { Clerk }}}{ }
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Be it enacted by the People of the State of Maine as follows:
Sec. 1. 5 MRSA $\S \mathbf{1 2 0 0 4}-\mathbf{G}$, sub-§32-A is enacted to read:
32-A.

| Sport and | Casino Development | Legislative Per <br> Entertainment | $\underline{\text { Commission }}$ |
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| Diem and Expenses |  |  |  |

Sec. 2. 8 MRSA §1001, sub-§6-A is enacted to read:
6-A. Commission. "Commission" means the Casino Development Commission created under section 1005-A.

Sec. 3. 8 MRSA §1003, sub-§2, $\mathbb{T}$ B, as enacted by PL 2003, c. 687, Pt. A, $\S 5$ and affected by Pt. B, $\S 11$, is amended to read:
B. Hear and decide all license and registration applications under this chapter and issues affecting the granting, suspension, revecation or renewal of licenses and registrations, including but not limited to applications received by the board from a person awarded the privilege by the commission to submit an application to operate a casino;

Sec. 4. $\mathbf{8}$ MRSA $\S 1003$, sub-§2, $\mathbb{\top} \mathbf{B}-1$ is enacted to read:
B-1. Hear and decide issues affecting the granting, suspension, revocation or renewal of licenses and registrations;

Sec. 5. $\mathbf{8}$ MRSA $\S 1005-\mathrm{A}$ is enacted to read:

## §1005-A. Casino Development Commission

1. Establishment. The Casino Development Commission, established in Title 5, section 12004-G, subsection 32-A, shall carry out the functions specified in this chapter with regard to awarding the privilege to apply for a casino or slot machine operator license through a competitive bid process and establishing a contract with the winning bidder upon issuance of a casino operator license by the board. The commission is affiliated with the board as specified in this chapter.
2. Members. The commission consists of 5 members appointed by the Governor. All members must be members of the general public without affiliation to the gaming or hospitality industry. At least 3 of the commission members must have training or experience in at least one of the following fields: corporate finance, economics, law, economic development or accounting. A municipal employee, county employee, elected official or candidate for elective office may not serve as a commission member.
3. Term of office. Members of the commission serve 3 -year terms, except that the Governor shall initially appoint one member for a term of one year, 2 members for a term of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for the remainder of the unexpired term of that member. Members whose terms expire serve
until their successors are appointed and confirmed. Members may serve no more than 2 full consecutive terms on the commission.
4. Confirmation. Appointees to the commission must be reviewed by the joint standing committee of the Legislature having jurisdiction over gambling matters and are subject to confirmation by the Senate.
5. Chair. The commission members shall elect one member to serve as chair for at least a 2-year term.
6. Quorum. An action of the commission is not binding unless taken at a meeting at which at least 3 of the 5 members are present.
7. Conflict of interest. In addition to the restrictions imposed pursuant to Title 5, section 18, a commission member may not participate in any matter before the commission in which the commission member has a personal bias or any other conflict of interest as the commission determines, either on the commission's own motion or in response to a written complaint. During a commission member's term of service and for 5 years after the end of that commission member's service, any person with a direct and substantial interest in a gambling activity or gambling facility, including accommodations and amenities associated with a gambling facility, may not employ or be represented by the commission member or a member of the commission member's immediate family. For the purposes of this subsection, "direct and substantial" means ownership or control of more than $10 \%$ of the voting securities of a gambling facility, of an associated accommodation or associated amenity of a gambling facility or of an entity in contract, consort or cooperation with a gambling facility key executive.

Sec. 6. 8 MRSA $\S 1011$, sub-§2-B, as enacted by PL 2011, c. 699, $\S 1$, is repealed.
Sec. 7. 8 MRSA $\S 1011$, sub- $\S 2-C$ is enacted to read:
2-C. Persons eligible for casino operator license on or after January 1, 2015. Beginning January 1, 2015, the board may not accept an application for an initial license to operate a casino, slot machine facility or any other gambling facility for which the board has licensing authority, unless that application is submitted by a successful bidder for the privilege to submit an application to the board chosen pursuant to section 1011-B and the applicant has received approval to operate a casino by the voters of the municipality where the casino will be located.

Sec. 8. 8 MRSA §§1011-A and 1011-B are enacted to read:

## §1011-A. County referendum

This section applies to referendum requirements for counties in which the commission is authorized to receive bids for the privilege to submit an application for a casino operator license to the board.

1. Secretary of State to prepare ballots and returns. Notwithstanding any law to the contrary, upon notification by the county commissioners of the date of a statewide election no sooner than June 1, 2016 and no later than July 1, 2017 at which a county has
determined the county will hold a referendum asking voters of the county to authorize the operation of a casino subject to a competitive bid process, the Secretary of State shall prepare and furnish to each city, town and plantation in that county ballots and returns for an election to be held no sooner than June 1, 2016 and no later than July 1, 2017. The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Secretary of State shall determine the wording of the question to be submitted to the voters of the county.
2. Referendum impact on competitive bid for privilege to submit a casino operator license application. The commission may accept and consider a bid for the privilege to submit an application for a casino operator license to the board from a bidder who proposes to operate a casino in a county where the voters have approved the operation of a casino by referendum held in accordance with this section. The commission may not accept a bid for the privilege to submit an application to the board for a casino operator license in a county where voters rejected the operation of a casino in the county by referendum vote or in a county that did not hold a countywide referendum within the time frame prescribed by this section.

## §1011-B. Privilege to submit a casino operator license application for a northern casino pursuant to competitive bidding

The privilege to submit an application to the board for a casino operator license for a casino in Washington County or Aroostook County is governed by this section.

1. Commission required to request statements from federally recognized Indian tribes. Prior to developing a request for proposals for the privilege to apply to the board for a casino operator license for a casino in Washington County or Aroostook County, the commission shall request a statement from each of the 4 federally recognized Indian tribes in the State with regard to their support of and interest in entering into a partnership agreement relative to the operation of or ownership in a casino, or both, and whether the tribe wishes not to be included in such a partnership.
2. Request for proposals to include tribal partnership. A request for proposals developed by the commission must require a partnership agreement with all of the tribes that provided a statement to the commission indicating that they wished to be included in a partnership for the operation of or ownership in a casino, except that the commission may not submit a request for proposals if more than 2 of the federally recognized Indian tribes in the State provided a statement under subsection 1 to the commission indicating that they do not wish to be included in such a partnership.
3. County approval. If the voters of either Washington County or Aroostook County, or both, approve the operation of a casino pursuant to a referendum held in accordance with section 1011-A, the commission shall develop a request for proposals designed to encourage vigorous bidding for the purpose of awarding one bidder the privilege to submit an application to the board for a casino operator license. The commission shall request bids for the privilege to submit an application to the board for one casino to be operated in either Washington County or Aroostook County, except that
bids may not be requested for a proposal in a county in which the voters rejected the operation of a casino.
4. Information to bidders. A request for proposals developed by the commission must instruct potential bidders to propose the scope of the gambling facility and amenities to be offered in conjunction with the facility and how the proposed casino will establish a socially responsible, economically successful business for the operator, considering license fees, minimum capital investment requirements, regulatory standards and required rates of revenue distribution. The request for proposals must list the federally recognized Indian tribes in the State that provided a statement under subsection 1 to the commission indicating that they wished to be included in a partnership for the operation of or ownership in a casino and require a bid submission to include a partnership agreement that includes each of the tribes listed.

Nothing in this section precludes an entity that is not a federally recognized Indian tribe from submitting a bid to the commission as long as the entity that is not a federally recognized Indian tribe has entered into a partnership agreement with the federally recognized Indian tribes that provided a statement to the commission indicating that they wished to be in a partnership for the operation of or ownership in a casino. The commission may require submission of documented expert analysis from a bidder to support the proposals submitted by the bidder.
5. Consideration of bids for privilege to submit casino operator license application to the board for a northern casino. A bidder seeking award of the privilege to submit an application to the board for a license to operate a casino in Washington County or Aroostook County shall comply with the requirements determined by the commission, including the requirement that proposals include a partnership with at least 2 federally recognized Indian tribes in the State regarding operation of the casino or ownership in the casino, or both. The commission shall require that a proposal for the privilege to submit an application to the board for the operation of a casino include a nonrefundable application fee of $\$ 100,000$ and an agreement to pay the costs of the board for processing an application and performing background investigations, as described in section 1018 , subsection 1 , if awarded the privilege to submit an application to the board for a license to operate a casino. The commission shall ensure that the request for proposals clearly identifies the deadline for submission and all bid requirements. The commission shall follow, as nearly as practicable, the provisions governing competitive bidding prescribed by Title 5, chapter 155, subchapter 1-A and rules adopted pursuant to that subchapter.
6. Request for proposals; factors; northern casino. When considering bids received in response to a request for proposals prescribed in this section for a location in Washington County or Aroostook County, the commission shall consider the following:
A. Business and market factors, including:
(1) The bidder's commitment and capacity to make an initial minimum capital investment of $\$ 20,000,000$ for a casino facility. Land acquisition, license fees and off-site improvements are not considered to be part of the minimum capital investment;
(2) The potential gross and net income to be generated by the bidder based upon documented, expert market analysis;
(3) The extent to which the bidder's market plans suit the character of the region and the local population in a way that encourages residents of the State to choose to patronize the bidder's proposed facility as opposed to gaming facilities in other states or provinces;
(4) The extent to which the bidder's proposed gambling facility can reasonably be expected to serve as a regional recreational gambling destination;
(5) The bidder's proposed capital investment in a gambling facility, proposed amenities associated with the facility and timing of capital investment expenditures in terms of ensuring the facility is profitable; and
(6) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant;
B. Economic development factors, including:
(1) The bidder's plan to be part of or enter into a partnership with 2 or more federally recognized Indian tribes in the State and the extent to which the proposed gambling facility will maximize employment opportunities and economic benefits for all federally recognized Indian tribes in the State;
(2) The bidder's workforce development plan and the extent to which it will maximize use of the region's existing labor force;
(3) The impact on economic development, existing and planned, in the region of the proposed gambling facility; and
(4) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant;
C. Site location factors, including:
(1) The adequacy of transportation routes leading to the proposed location of the gambling facility;
(2) Any negative impact of the proposed location of the gambling facility on the municipality in which the facility is to be located, including but not limited to $\underline{\text { traffic congestion, worsened road safety conditions and increased safety concerns }}$ for pedestrian traffic;
(3) The proximity of the proposed location of the gambling facility to major transportation routes and the Canadian border in order to maximize patronage from cross-border traffic;
(4) The bidder's proposals for mitigating negative impacts identified under this paragraph; and
(5) Other factors, properly disclosed in the commission's request for proposals, that the commission determines to be relevant; and
D. Factors other than those listed in paragraphs A to C, including:
(1) The bidder's plan to identify, address and minimize the potential for and existence of negative consequences associated with gambling and the operation of the bidder's proposed facility, including, but not limited to, a financial commitment to efforts to address problem gambling prevention, intervention, treatment and research;
(2) The effects, both positive and negative, that can be reasonably anticipated to be experienced by the municipality in which the proposed gambling facility is located and the communities in the region; and
(3) The likelihood that the bidder will meet the casino operator license requirements described in section 1016.
7. Bid award factor priorities; northern casino. The commission shall develop a system of assigning points to the factors required to be considered under subsection 6. The commission is authorized to hire or enter into a contract with vendors experienced in evaluating business plans for large-scale development and the effects of development on the local and regional economies to assist with the consideration of bids and development of the point system required by this subsection. The commission shall request, and take into consideration when awarding a bid, comment from members of the 4 federally recognized Indian tribes in the State for the purpose of determining which proposal provides the greatest employment opportunities and economic benefits to all of the 4 federally recognized Indian tribes. Development of a point system must ensure that factors that support the following are awarded the highest point value:
A. The maximum potential increase in employment opportunities and economic benefits for all federally recognized Indian tribes in the State; and
B. The representation and incorporation by the proposed casino of the character of the State generally and, in particular, the character of the surrounding region consistent with historic uses, local planning and zoning requirements.
8. Notice of award. Upon award of the privilege to submit an application for a casino operator license to the board, the commission shall identify in a document provided to all bidders and posted on the board's publicly accessible website how the successful bidder's proposal supported the priorities described in subsection 7.
9. Contract required; northern casino. A person who is selected as a the winning bidder for the privilege to submit an application to the board for a casino operator license shall agree to enter into a contract with the commission that obligates the casino operator to the proposals made in the bid submitted in accordance with this section. In addition, the contract must include:
A. A framework of reasonable financial penalties for failure of the casino operator to comply with the terms of the contract and the circumstances under which failure to comply with terms of the contract justifies withholding all net slot machine income and net table game income until the terms of the contract are satisfied;
B. Disclosure of partnership agreements with at least 2 of the federally recognized Indian tribes in the State and a framework of compensation to be paid to the parties in the partnership for failure to abide by those agreements;
C. An agreement that, regardless of whether the casino is operated on land owned by a federally recognized Indian tribe, tribal reservation land, tribal territory or land held in trust by a tribe, the casino is subject to the provisions of this chapter and the laws of the State, generally; and
D. Annual reinvestment requirements that direct the casino operator, beginning no sooner than 5 years after commencing operation of slot machines at the casino, to either make capital improvements to the casino facility or deposit with the board, in an account described in section 1018 , subsection $2-B$, an amount no less than $2 \%$ but no greater than $3 \%$ of net slot machine income and net table game income generated by the casino during the previous year.

The commission shall consult with the Office of the Attorney General during the negotiation and execution of the contract. The contract must be approved by the Attorney General. The casino operator license issued by the board does not take effect and the board may not accept the license fee required under section 1018, subsection 1, paragraph $\mathrm{C}-2$ until the contract is executed.

Sec. 9. 8 MRSA §1018, sub-§1, $\mathbb{\|}$ C, as enacted by PL 2003, c. 687, Pt. A, $\S 5$ and affected by Pt. B, $\S 11$, is amended to read:
C. The initial application fee for a slot machine operator license is $\$ 200,000$. The annual renewal fee 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. This paragraph applies to slot machine operator licenses issued before January 1, 2015.

Sec. 10. 8 MRSA $\S 1018$, sub-§1, $\llbracket \mathbf{C}-\mathbf{1}$, as amended by PL 2011, c. 417 , $\S 4$, is further amended to read:

C-1. The initial application fee for a casino operator license is $\$ 225,000$, except that the initial application fee for an applicant that is a commercial track that was licensed to operate slot machines as of January 1,2011 is $\$ 25,000$. The annual renewal fee is $\$ 80,000$ plus an amount, set by rules of the board, equal to the cost to the board of licensing casino operators and determined by dividing the costs of administering the casino operator licenses by the total number of casino operators licensed by the board. In addition, a casino operator shall pay an initial gaming table fee of $\$ 100,000$ for the privilege to operate each gaming table for a period of 20 years as long as the casino operator is licensed. Each gaming table is also subject to an annual gaming table renewal fee of $\$ 1,000$. The gaming table fees authorize the casino operator to conduct any authorized table game at the gaming table during the 20 -year period. A casino licensed in accordance with section 1011 , subsection $2-\mathrm{A}$, paragraph A is not required to pay the gaming table fees until after one calendar year of table game operation. Fees collected in accordance with this paragraph must be deposited to the Gambling Control Board administrative expenses Other Special Revenue Funds account, which is a nonlapsing dedicated account. This paragraph applies to casino operator licenses issued before January 1, 2015.

Sec. 11. $\mathbf{8}$ MRSA §1018, sub-§1, $\mathbb{\|} \mid \mathbf{C}-\mathbf{2}$ to $\mathbf{C}-\mathbf{4}$ are enacted to read:

C-2. The fee for a casino operator license for a casino in Washington County or Aroostook County, issued in accordance with section $1011-\mathrm{B}$, is $\$ 1,000,000$, which must be deposited to the General Fund and used for the administrative expenses of the board. The license fee is separate from the nonrefundable application fee required pursuant to section $1011-\mathrm{B}$, subsection 5 and the payment of costs to the board for processing the application and performing background investigations.
C-3. The renewal fee for a casino operator license for a casino in Washington County or Aroostook County, issued subsequent to the award by competitive bidding in accordance with section $1011-\mathrm{B}$, is $\$ 100,000$ and is due 5 years after the initial fee required under paragraph C-2 and every 5 years thereafter.
C-4. The annual registration fee for a slot machine and a table game operated at a casino licensed on or after January 1, 2015 is $\$ 100$.

Sec. 12. 8 MRSA §1018, sub-§1-A, as enacted by PL 2011, c. 699, §2, is repealed.

Sec. 13. 8 MRSA §1018, sub-§2, as enacted by PL 2003, c. 687, Pt. A, §5 and affected by Pt. B, $\S 11$, is amended to read:
2. Term of license; renewal, renewal fees. All Except for slot machine operator $\underline{\text { licenses and casino operator licenses issued on or after January 1, 2015, licenses issued }}$ 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 subsection 1 , paragraph C to the municipality in which the slot machines are operated.

Sec. 14. 8 MRSA §1018, sub-§§2-A, 2-B and $3-A$ are enacted to read:
2-A. Term of license issued on or after January 1, 2015. A casino operator license issued by the board pursuant to section 1011 , subsection $2-\mathrm{C}$ is effective for 5 years from the date of issuance unless revoked or surrendered pursuant to subchapter 5.

2-B. Annual reinvestment requirements; northern casino. A casino operator licensed by the board pursuant to section 1011 , subsection $2-\mathrm{C}$ operating a casino in Washington County or Aroostook County may deposit with the board the percentage of net slot machine income and net table game income required as an annual reinvestment pursuant to the contract executed in accordance with section 1011-B, subsection 9. The board shall hold the funds in an interest-bearing, nonlapsing account. The casino operator may request funds from the account for the purpose of making capital investments or improvements to the casino facility. If there are funds in the account and the casino ceases operation for a period of more than 90 days, the funds shall be deposited to the General Fund.

3-A. Licensee other than original applicant; contract applicable. If a person initially licensed to operate a casino in Washington County or Aroostook County surrenders the license or the license is revoked, a subsequent licensee authorized to
operate the casino in accordance with this chapter is subject to the terms of the contract required by and executed under section 1011-B, subsection 9 . A subsequent licensee is required to submit an application to the board and is subject to the licensing qualifications prescribed under section 1016.

Sec. 15. 8 MRSA §1019, sub-§6, as amended by PL 2011, c. 417, $\S 5$, is further amended to read:
6. Proximity of licensed casinos and slot machine facilities. A casino operator license or slot machine operator license may not be issued under this chapter to operate any casino or slot machine facility located within 100 miles of a licensed casino or slot machine facility, except that a casino operator license may be issued pursuant to section 1011-B for a casino located in Washington County or Aroostook County if it is located at least 75 miles from a licensed casino or slot machine facility. This subsection does not prohibit a commercial track that was licensed to operate slot machines on January 1, 2011 from obtaining a casino operator license for the same facility where slot machines were operated as of January 1, 2011.

Sec. 16. 8 MRSA §1019, sub-§7, as amended by PL 2011, c. 417, $\S 6$, is repealed.
Sec. 17. 8 MRSA $\S 1020$, sub-§3, as amended by PL 2011, c. 585, $\S 8$, 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 for casinos initially licensed prior to January 1, 2015. 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. Except for slot machines used for training and educational purposes at postsecondary institutions as provided by section 1011, subsection 1-B, the total number of slot machines registered in the State for operation at facilities initially licensed prior to January 1, 2015 may not exceed 3,000; and
B. A slot machine operator initially licensed prior to January 1, 2015 may not operate more than 1,500 slot machines at any one commercial track and a casino operator initially licensed prior to January 1, 2015 may not operate more than 1,500 slot machines at a casino-; and
C. A casino operating in Washington County or Aroostook County, licensed pursuant to section 1011-B, may operate up to 250 slot machines for the 3 years after commencement of slot machine operation at the casino and up to 350 machines after 3 years of slot machine operation at the casino.
Sec. 18. 8 MRSA §1036, sub-§2-D is enacted to read:
2-D. Distribution of slot machine income and table game income from a northern casino. A casino operator licensed to operate a casino in Washington County or Aroostook County pursuant to section 1011-B shall collect and distribute $46 \%$ of net slot machine income and $16 \%$ of net table game income to the board. The distributions
must be held by the board until a distribution is established by the Legislature for net slot machine income and net table game income generated by a casino.

Sec. 19. Joint Standing Committee on Veterans and Legal Affairs authorized to submit legislation. The Joint Standing Committee on Veterans and Legal Affairs is authorized to submit legislation to the Second Regular Session of the 127th Legislature establishing a manner of distribution of slot machine and table game revenue that will apply to a casino licensed pursuant to the Maine Revised Statutes, Title 8, section 1011-B in either Washington County or Aroostook County and amending the laws governing the issuance of casino operator licenses and the regulation of casinos based on rules of the Gambling Control Board that currently govern those functions.

## SUMMARY

This bill is presented by the Joint Standing Committee on Veterans and Legal Affairs pursuant to Resolve 2013, chapter 111. The bill establishes a competitive bid process for a casino in either Washington County or Aroostook County, the operation of which is stated to maximize economic and employment benefits for the 4 federally recognized Indian tribes in the State. The bill establishes the Casino Development Commission, which is an independent board of 5 members appointed by the Governor and confirmed by the Senate. The commission's purpose is to develop a request for proposals for the privilege to submit an application to the Gambling Control Board for a casino operator license. Prior to the commission's submitting a request for proposals for a casino operator license in either Washington County or Aroostook County, voters would have to approve the operation of a casino by a countywide referendum. The referendum must be held on the same date as a statewide election and no sooner than June 1, 2016 and no later than July 1,2017 . The fee to submit a bid to the commission is $\$ 100,000$. The bill provides for specific supporting information to be submitted by the bidder and considered by the commission including the bidder's ability to make a minimum $\$ 20,000,000$ capital investment in the casino and partnership with at least 2 federally recognized Indian tribes in the State.

Under the bill, the commission is directed to develop a point system for the factors to be considered in evaluating proposals and give priority to proposals that maximize the employment and economic benefits to federally recognized Indian tribes in the State. The winning bidder must enter into a contract with the commission that obligates the casino operator to abide by the proposals made in the winning bid. Failure to abide by the terms of the contract could result in financial penalties to the operator.

The license fee for a casino under the bill is $\$ 1,000,000$ for a 5 -year term with a renewal fee of $\$ 100,000$.

The bill sets the distribution of net slot machine revenue for the casino at $46 \%$ and sets the distribution of net table game revenue for the casino at $16 \%$. The bill authorizes the Joint Standing Committee on Veterans and Legal Affairs to submit legislation establishing a distribution of the slot machine and table game revenue required to be paid by the casino.

