



125th MAINE LEGISLATURE

LD 1203

LR 2103(01)

An Act To Amend the Laws Governing the Deadline and Conditions for Municipal Approval of a Second Racino and To Allow a Tribal Racino in Washington County

Preliminary Fiscal Impact Statement for Initiated Bill

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Contingent current biennium cost increase - General Fund
 Contingent current biennium cost increase - Other Special Revenue Funds
 Contingent biennium revenue increase - General Fund
 Contingent biennium revenue increase - Other Special Revenue Funds

Fiscal Detail and Notes

This initiated bill would allow the Gambling Control Board to accept applications from federally-recognized Indian tribes located in Maine to operate a slot machine facility in Maine if the tribe owns and operates a commercial race track. It also expands the allowable distance a commercial track eligible for slots can be from a pre-existing commercial track and extends the deadline for municipal approval of the facility. Current law allows a total of 1,500 slot machines to be operated in the state. The existing facility in Bangor has already been licensed to operate the entire 1,500, effectively preventing the establishment of additional facilities. This proposed legislation allows an additional 1,500 slot machines to be operated at each facility licensed by the Gambling Control Board.

Presented below is an estimate of the potential revenues that may be generated from additional slot machine facilities and the subsequent distribution of those revenues. This fiscal note assumes there would be two new facilities established with a total of 2,000 additional slot machines that would generate annual revenue of \$32,784,058 for the State's General Fund and \$18,253,016 for various other funds. The General Fund would also receive license fees of \$564,500 in the first year and \$213,250 for license renewals in subsequent years. Annual state costs associated with Inspectors, State Police Detectives, Identification Clerks, contracts for monitoring services and other related expenses are estimated to be \$1,462,088. This analysis assumes no significant effect on revenue generated by the licensed racino facility in Bangor. If there is an appreciable reduction in racino revenue, there will be a reduction in the amounts distributed from that facility. The tax structure at the new facilities would be consistent with the facility in Bangor, with 1% of gross slot machine income and 39% of net slot machine income going to the state.

<u>Summary of Racino Revenue</u>	Annual Estimate
Gross Slot Income (total value of money, tokens, credits, other value used to play a slot machine)	\$1,306,800,000
Player Payback - Slot Income	\$1,196,375,400

General Fund - 1% of Gross Slot Income	\$13,068,000
Net Slot Income	\$97,356,600
State Share of Net Income - 39%	\$37,969,074
Operator Share of Net Income - 61%	\$59,387,526

**Annual
Estimate**

State Revenues by Fund

General Fund

From Slot Machines ¹	\$32,784,058
From Annual License Fees (1st year will be \$564,500)	<u>\$213,250</u>
Total General Fund Revenue	\$32,997,308

Other Special Revenue Funds

Purse Supplements	\$9,735,660
Sire Stakes Fund	\$2,920,698
Fund to Encourage Racing at Commercial Tracks ¹	(\$2,191,870)
Fund to Stabilize Off-Track Betting	\$973,566
Agricultural Fair Support Fund	\$2,920,698
University of Maine Scholarship Fund	\$1,947,132
Maine Community College System Scholarships	\$973,566
Resident Municipalities	\$973,566
Total Other Special Revenue Funds Revenue	<u>\$18,253,016</u>

Total Revenue All Funds	<u><u>\$51,250,324</u></u>
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Summary of Expenditure Impacts to the State

General Fund

- Public Safety	<u><u>\$1,462,088</u></u>
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¹ Under current statute, 4% is credited as dedicated revenue to the Fund to Encourage Racing at Maine's Commercial Tracks. This 4% payment is terminated when all commercial tracks have obtained a license to operate slot machines. Although current law does not specify where this payment would then be credited, it is assumed it would be credited to the General Fund and is included above as General Fund Revenue from Slot Machines.