



126th MAINE LEGISLATURE

LD 1111

LR 1490(02)

An Act To Allow Maine's Harness Racing Industry To Compete with Casino Gaming

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Veterans and Legal Affairs

Fiscal Note Required: Yes

Fiscal Note

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

Fiscal Detail and Notes

This legislation establishes a competitive bidding process for a resort casino that includes a minimum bid of \$50,000,000 for a license fee. Issuance of a license is contingent upon award of a bid. The facility awarded the license would be taxed at the rate of 1% of gross slot machine income, 39% of net slot income and 16% of net table game income.

Presented below is an estimate of the potential revenues that may be generated from the new facility and the subsequent distribution of those revenues. This fiscal note assumes a total of 750 slot machines and 15 table games, generating annual revenue of \$15,521,056 for the State's General Fund and \$1,996,479 for various other funds. The Gambling Control Board, Other Special Revenue Funds account would also receive license fees of \$483,500 in the first year and \$230,500 for license renewals in subsequent years. The Department of Financial and Administrative Services would receive a one-time fee of \$250,000 to cover the application process and determination of the market value for a casino operator license. Annual state costs associated with 5 inspectors, an auditor and other related expenses are estimated to be \$481,478.

This legislation could have a significant impact on revenues generated by the Hollywood and Oxford Casinos. An assessment of the impact has not been done at this time.

	Annual Estimate
Summary of Casino Revenue	
Gross Slot Income (total value of money, tokens, credits, other value used to play a slot machine)	\$355,875,000
Player Payback - Slot Income	\$319,219,875
Net Slot Income	\$33,096,375
Share of Net Income for Distribution - 39%	\$12,907,586
Operator Share of Net Income - 61%	\$20,188,789

Net Table Game Income	\$6,570,000
Share of Net Table Game Income for Distribution - 16%	\$1,051,200
Operator Share of Net Table Game Income - 84%	\$5,518,800
	Annual
State Revenues by Fund	Estimate
General Fund - 1% of gross slot income	\$3,558,750
General Fund - Net slot machine and table game income	\$10,189,914
General Fund - Hollywood Casino distribution previously credited to Fund to Encourage Racing at Maine's Commercial Tracks ¹	<u>\$1,772,392</u>
Total General Fund Revenue	\$15,521,056
Gambling Control Board - License Fees (\$483,500 to Board and \$250,000 to DAFS the 1st year)	\$230,500
Purse Supplements	\$1,535,466
Sire Stakes Fund	\$628,145
Fund to Stabilize Off-Track Betting	\$139,588
Agricultural Fair Support Fund	\$628,145
Municipality	\$628,145
Fund to Encourage Racing at Maine's Commercial Tracks ¹	(\$1,772,392)
Abutting Municipalities	<u>\$209,382</u>
Total Other Special Revenue Funds Revenue	<u>\$2,226,979</u>
Total Revenue All Funds	<u>\$17,748,035</u>
Summary of Expenditure Impacts to the State	
General Fund	
- Public Safety	\$250,978
Other Special Revenue Funds	
- Public Safety	<u>\$230,500</u>
Total Expenditures	<u>\$481,478</u>

¹ Under this legislation, if a commercial track is issued a casino operator license, the amount distributed from Hollywood Casino to the Fund to Encourage Racing at Maine's Commercial Tracks would then be deposited into the General Fund.