



STATE OF MAINE
Department of Public Safety
Gambling Control Board
87 State House Station
Augusta, Maine
04333-0087

PAUL R. LEPAGE
GOVERNOR
JOHN E. MORRIS
COMMISSIONER

TIMOTHY S. DOYLE
CHAIRMAN
PATRICK J. FLEMING
EXECUTIVE DIRECTOR

February 21, 2012

Governor Paul R. LePage
Office of the Governor
State House Station #1
Augusta, Maine 04333

Governor LePage,

Pursuant to 8 M.R.S.A. § 1003(2)(R), the Gambling Control Board is required to submit to you, by March 15th of each year, a report on slot machine and table game revenues, credits disbursed by the slot machine and table game operators, administrative expenses and the allocation of gross slot machine and table game income for the preceding year. Although the statute requires that the Board report table game revenues and credits, to date there hasn't been any revenues or credits. Two business entities are in the process of getting licensed as casinos and it is anticipated that there will be items to report in next year's submission.

The Gambling Control Board adopted this report at their meeting on 02/21/2012.

On behalf of the Gambling Control Board, I am pleased to submit the attached report to you.

Sincerely,

Patrick J. Fleming
Executive Director

CC: Members of the Joint Standing Committee on Veterans and Legal Affairs

Operations Update

The Gambling Control Board is responsible for the licensing, regulating and inspection of the corporations, people and machines that operate slot facilities and casinos in Maine. The Board also licenses the companies that sell associated equipment to the slot and casino operator(s).

Bangor Historic Track (D/B/A Hollywood Slots Hotel and Raceway) opened their permanent facility at 500 Main St. in Bangor on July 1, 2008. This facility currently operates 1000 slot machines. Hollywood Slots has applied for a casino license and if granted will begin operations as Hollywood Casino – Bangor in March 2012. Hollywood Casino is planning on starting with fourteen table games in addition to their slot machines.

The casino in the town of Oxford is currently under construction and in the licensing process. That casino expects to be operational in early summer of 2012. The Oxford casino is currently planning on opening with five hundred twenty eight slot machines and twelve table games.

The Gambling Control Board is supported by seven staff positions. These positions include an Executive Director, a State Police Detective, three civilian Inspectors, an internal auditor and an office specialist. There is also an identification specialist position in State Bureau of Identification funded by the Gambling Control Board due to the large number of fingerprint submissions that the licensing process generates

The licensing of the personnel at the facility and the people who own and run the companies doing business with Hollywood Slots of Bangor take up the majority of the State Police detective's time. The detective annually investigates at least 4 international companies and approximately 300 individuals that are associated with the Bangor facility. The interview sessions sometimes require out of state travel. It is expected that the licensing workload will increase with the addition of the Oxford casino.

The three civilian inspectors perform inspections and surveillance on the floor of the facility. The inspectors are critical in maintaining a hands-on approach to our vigorous oversight at the facility. The inspectors also assist other law enforcement agencies that have need of information from the slot facility. Additional inspectors will be needed to continue to perform the oversight necessary for the additional Oxford facility.

The Auditor provides day-to-day review of the operator's financial reports and insures proper payment of revenue to the State of Maine. Financial information is electronically collected from the slot machines through a central site monitoring system operated by Scientific Games. This monitoring system operates 24 hours a day/ 7 days a week to ensure correct accounting of machine play. The auditor is working with the casinos on the best practices for tracking the table games revenue due to the inability to electronically monitor those games.

Board Composition

Members who served on the Board in 2011 include: Tim Doyle (Chairman) replaced Cushing Samp, Richard Crabtree (resigned) replaced George McHale, Harry Stickney, Joe Laliberte, and Matt Dyer.

The Board meets monthly in the Board Room located at Department of Public Safety Headquarters at Commerce Drive in Augusta.

Since 2007, the Gambling Control Board Room has been outfitted with an internet feed to allow for people to listen to the meetings live through the Gambling Control Board website. The Board also makes that room available for other state entities without cost.

Administrative Expenses

<u>Gambling Control Board</u>	<u>Expenses FY 09</u>	<u>Expenses FY 10</u>	<u>Expenses FY11</u>
Part I: Personnel	\$ 457,758	\$438,550	\$391,680
Part II: All Other Expenses	\$ 529,726	\$424,564	\$402,604
Total Expenses	<u>\$ 987,484</u>	<u>\$863,114</u>	<u>\$794,284</u>

Revenue/Credits

Slot Machine Revenue 2011

During 2011, Hollywood Slots at Bangor was opened for 364 days (closed on Easter).

The total amount wagered for 2011 at the Bangor Facility "Gross Slot Machine Income" as defined by 8 M.R.S.A. §1001(20), was \$669,934,579.87.

Credits Disbursed 2011

The amount of money or credits paid back to the players by Hollywood Slots Hotel and Raceway in 2011 was \$610,481,502.12. This was computed by subtracting the Net Slot Machine Income from the Gross Slot machine income for 2011.

Allocation of Slot Income

Funds received from Hollywood Slots at Bangor were allocated in accordance with 8 M.R.S.A. §1036.

<i>%</i>	<i>Routing</i>	<i>Fund Title</i>	<i>Total 2008</i>	<i>Total 2009</i>	<i>Total 2010</i>	<i>Total 2011</i>
	<u>From Gross Slot Income</u>					
1%	To General Fund	Administrative Expenses of the Board	\$6,265,566.58	\$6,918,544.82	\$6,983,765.84	\$6,699,345.80
	<u>From Net Slot Income (39% of Net)</u>					
4%	To General Fund	Administrative Expenses of the Board, including gambling addiction services	\$1,327,494.45	\$1,643,355.09	\$2,187,337.78	\$2,110,149.26
10%	Treasurer of State	Fund to Supplement Harness Racing Purses	\$4,424,981.54	\$5,227,967.68	\$5,468,344.91	\$5,275,373.21
3%	Harness Racing Commission	Sire Stakes Fund	\$1,327,494.54	\$1,568,390.32	\$1,640,503.48	\$1,582,611.98
3%	Treasurer of State	Agricultural Fair Support Fund	\$1,327,494.54	\$1,568,390.32	\$1,640,503.48	\$1,582,611.98
10%	State Controller	Fund for Healthy Maine (prescription drugs)	\$4,424,981.54	\$5,227,967.68	\$5,468,344.91	\$5,275,373.21
2%	U Maine	U Maine Scholarship Fund	\$ 884,996.24	\$1,045,593.52	\$1,093,668.98	\$1,055,074.62

<i>%</i>	<i>Routing</i>	<i>Fund Title</i>	<i>Total 2008</i>	<i>Total 2009</i>	<i>Total 2010</i>	<i>Total 2011</i>
1%	Community College	Maine Community College Scholarship Fund	\$ 442,498.19	\$ 522,796.75	\$546,834.48	\$527,537.31
4%	Harness Racing Commission`	Fund to Encourage Racing at Maine's Commercial Track (Scarborough and Bangor)	\$1,769,992.64	\$2,091,187.08	\$2,187,337.91	\$2,110,149.28
1%	Harness Racing Commission	Fund to Stabilize Off-Track Betting Facilities	\$ 884,996.24	\$ 970,628.83	\$546,834.48	\$527,537.31
1%	City of Bangor	Host Community	\$ 442,498.19	\$ 522,796.75	\$546,834.48	\$527,537.21
		<u>TOTAL (1% and 39%)</u>	<u>\$23,522,994.69</u>	<u>\$27,307,618.84</u>	<u>\$28,310,310.73</u>	<u>\$27,273,301.17</u>