

AFL-CIO Bill

Lead Sponsors: Representatives Wallace and Walsh & Senator Menard

An Act Establishing and Regulating Resort-Style Entertainment in the Commonwealth

Summary:

- This legislation is designed to create thousands of new jobs as quickly as possible throughout the Commonwealth and hundreds of millions of dollars in new revenue for the Commonwealth of Massachusetts.
- This Act authorizes creation of three resort-style entertainment complexes, each requiring \$1 billion in capital investment and \$225 million in licensing fees, and together generating annual state revenues of hundreds of millions of dollars. The capital investment will stimulate thousands of jobs in both construction and day-to-day operation.

Resort-Style Entertainment Complex Licenses:

- Authorizes three resort-style casinos in distinct and separate markets within the Commonwealth (one in each of Bristol, Hampden and Suffolk Counties). Applicants must meet minimum eligibility criteria and a bid process will determine winners. Thousands of jobs will be created at each site.
 - Preference will be given to any federally recognized tribe and that has entered a compact or agreement recommended by the Governor and approved by the Legislature.
- Application:
 - Identifying information, financial disclosures, location of project, design of facilities, number of hotel rooms and other amenities, number of proposed new jobs, total new employees, total investment, impact studies, tax revenue projections, and identification of any tribal or race track affiliation.
 - Application fee of \$350,000 that funds full due diligence by the MGCA.
- Eligibility:
 - \$1 billion facility and infrastructure investment, with at least \$300 million committed in an initial phase with the remainder to be committed over the following 5 years. This phasing will insure that jobs

are created as soon as possible in the process.

- Financial ability to pay fees, signed agreement with host community, approval of license by legislative bodies of 2/3 of municipalities in county after recommendation by chief executive municipal officer, host community impact fee, commitment to pay for infrastructure
- Bid Process:
 - Competitive bids for each authorized license
 - Highest and best value to the market and the commonwealth based multi-factor evaluation, including the following:
 - Overall economic benefit, including franchise fee of \$225,000,000 per resort-style casino complex and annual operating license payments equal to 27% of gross gaming revenue, scope of infrastructure improvements, use of local and small businesses for goods and services, any partnership with a federally recognized Massachusetts native American tribe, adherence to sustainable development (including LEED certification), creation of a minimum of 5,000 jobs, workforce development plans, architectural plans and labor utilization.
 - Commitment to contract with Massachusetts businesses for goods and services.
- Award:
 - One resort-style casino license to be awarded to an applicant for each of the three markets based on highest and best value.
 - Ten-year license, with automatic renewal for 10 years (with no renewal fee).
 - No more than one license per ownership group, with no interest over 1% in more than one license.
- Expedited Permitting:
 - To facilitate early investment in construction and infrastructure and early generation of gaming revenue to the state and creation of jobs as soon as possible, the Act will provide for an expedited permitting process and exemptions from certain permits for the initial development phase.
- License Conditions:

- Adhere to submissions on application, eligibility and bid process as license condition.
- Revocation for non-compliance.
- License transfers are subject to MGCA authorization.

Economic Assistance to Race Tracks Not Selected as a Resort-Style Entertainment Complex

- To mitigate the effects of broader gaming on the racing industry in Massachusetts, existing racing licensees not selected for a resort-style casino licenses, their employees, and their host communities will automatically qualify for certain programs and funding opportunities, including job retraining or placement, infrastructure grants and funding; and local tax relief.

Annual Gaming Revenues:

- MGCA Trust Fund will pay for regulatory and enforcement costs. The fund will be generated by an assessment on each resort-style casino.
- Licensing Fee Fund will pay for expenses incurred prior to resort-style casinos being in operation, with the remainder split between local taxpayer relief aid and the general fund.
- Operating License Payment Fund will pay for yearly payments for community and regional mitigation, state lottery fund, public health and safety, tourism, with the remainder split between local taxpayer relief aid and the general fund.
- State Lottery Hold Harmless provision will set a benchmark amount of lottery fund receipts and then apply a yearly inflation factor to determine an amount that, if not received by the lottery, will be made up from the Operating License Payment Fund.
- Community and Regional Gaming Mitigation Funds will pay for costs directly related to the resort-style gaming. Two percent of the Operating License Payment Fund will be dedicated to host communities and one percent will be split among impacted communities.
- Gaming Public Health Fund will pay for NEW social services, gambling addiction and substance abuse treatment costs related to expanded gaming – 2.5% of the Operating License Payment Fund, but not to exceed \$45 million.
- Live Racing Relief, Public Safety and Tourism Funds: 1% of Operating License Payment Fund will go to live racing relief, 0.5% of Operating License Payment Fund will go to public safety, and 0.5% of Operating License

Payment Fund will go to tourism programs.

- Local Taxpayer Relief Aid Fund: 50% of the residual Operating License Payment Fund after payments have been made to the funds listed above will be allocated to local municipalities.
- General Fund: 50% of the residual Operating License Payment Fund after payments have been made to the funds listed above will be allocated to the General Fund.

Enforcement and Penalties:

- Division of Gaming Investigation and Enforcement will be created within the Office of the Attorney General. It will be given broad powers to:
 - investigate allegations of crimes, inspect and examine records, inspect devices and equipment, have access to all records of the authority, investigate all applications, licenses, etc., conduct audits of casino operations, enforce violations of chapter, bring proceedings before the authority, investigate and enforce provisions of gaming law and regulations, and report to AG on general recommendations.
- Enact Tough New Penalties for Licensing and Gaming Violations
 - Penalties for willful evasion of payment of fees and proceeds,
 - Penalties for unlicensed controlled gaming,
 - Enhanced penalties for swindling and cheating,
 - Penalties for unlawful use or possession of devices to obtain an advantage
 - Penalties for unlawful operation of cheating games and devices by licensees or employees
 - Penalties for unlawful manufacture, distribution, sale, or service of gaming equipment
 - Penalties for Employment without license or registration
 - Penalties for Gaming by persons under 21 years of age

The Massachusetts Gaming Control Authority (MGCA):

- Independent authority, removed from any branch of government

- 7 member board, including the Auditor and 6 members appointed by the Governor (including at least one with each of the following types of experience: legal, finance, regulatory, accounting and public health; and one undesignated appointee); Governor appoints Board Chairperson.
- Executive Director to run the authority
- 12 member advisory committee: (5) Secretaries of HHS, ANF, HED, LWD and EOPS; (3) Governor's appointees – labor seat, gaming addiction seat, police chief; (2) by Senate President and (2) by Speaker.

Powers of the MGCA:

- Broad regulatory authority over every aspect of the industry
 - Awarding and revocation of licenses, promulgation of regulations, collection of fees and assessments, conduct of licensees, auditing licensees, number of devices, employment regulation, approving license transfers, annual reporting
 - DOR as fiscal agent of the MGCA
- Determination concerning the adequacy and effectiveness of state gaming law and regulations.

MGCA Employment:

- No board member or employee can have direct or indirect interests with any aspect of gaming industry for a period of 3 years prior to and after employment with MGCA
- Current executive branch employees prohibited from working for the MGCA or a licensee for 3 years after leaving executive branch

MGCA Code of Ethics:

- May be more restrictive than state ethics laws
- Rules will be approved by State Ethics Commission & Attorney General
- Yearly Statement of Financial Interest for all employees