

Crowdfunding

Jesse Laslovich and Lynn Egan from the Office of the Montana State Auditor attended the meeting to do a presentation to the Council regarding “crowdfunding.” This is a new source or way of raising capital that was passed in the 2015 Legislative Session. Once passed, the Division began to receive inquiries regarding using crowdfunding as a way for owners to finance their proposed business.

GAMBLING CONTROL DIVISION UPDATE

Division Update

Statistics

Ms. Nunn provided an overview of statistics for first quarter FY16. She explained that video gambling machine tax collections for the first quarter were approximately \$15.2 million, which was a 1.5% increase from the previous quarter, and a 3% increase compared to collections in the first quarter fiscal year of 2015. Ms. Nunn explained that the license applications were down first quarter by 39%. Ms. Nunn did mention, however, that the number of applications received in second quarter balanced up the number of applications received through second quarter FY16. The number of VGM permits was down less than 1% compared to FY15. The Division will continue watching trends in number of licenses and permits issued. Overall Ms. Nunn explained that the Division is right in line compared to fiscal year 2015.

Technical Services Section Updates

Mr. Kamerzel explained to the Council members the Technical Services Section has created and developed a new report pertaining to the Weighted VGM Count and Average Gross Daily Income Report. Mr. Kamerzel explained that this report is comprised of all video gambling machines operating in any day in a quarter, and explained there is still a qualifier that there is more than one VGM of a given model.

License Streamlining

Ms. Nunn stated to the Council that the Division had met a couple times with the Department of Revenue to discuss areas where the Division can streamline the licensing process. Ms. Nunn explained that the Division has looked at trying to pre-populate some of the information into the online TAP application when current licensees apply for an additional license as well as shortening the list of documentation required for those applicants. Mr. Ask noted it is highly encouraged for licensees to use the automated systems to renew and permit because it makes the process much more efficient. Ms. Nunn also mentioned the Publicly Traded Corporation forms are almost ready, and rules will be presented to the Council.

OLD BUSINESS

Online Fantasy Sports Leagues

Mr. Ask provided articles for the Council to review and discussed the indication that some jurisdictions are determining fantasy leagues do in fact meet the definition of gambling. Another article that Mr. Ask provided was in regards to how these fantasy leagues function behind the scenes. Mr. Ask noted to the Council that Representative Mandeville would be invited to speak at the next Gaming Advisory Council Meeting.

Key Employee Update

Ms. Nunn presented the latest draft of the Key Employee Form to the Council and mentioned the Division had a subcommittee meeting prior to the January 29th meeting. Ms. Nunn explained the main changes to the form were under the Key Employee Responsibilities section. Mr. Ask then followed up to a question from Mr. Morris stating that the purpose of this form is to identify anyone that is hired by an owner of the business, that in their absence and under the owner's general direction, this person has oversight over the functions specified on the form and in control of a location. After discussion on the form, Mr. Kennedy asked Ms. Nunn to put together a list of questions to be discussed at the next Montana Tavern Association (MTA) and Gaming Industry Association (GIA) meetings. Mr. Ask also noted the Division would like to host a subcommittee meeting after the feedback has been received from the MTA and GIA meetings.

Sports Pool Wagers

Mr. Ask stated the Division's concerns with respect to dropping a bet limit for a sports pool and just having a payout limit in place. Mr. Ask noted that Montana is a limited stakes gambling jurisdiction. Mr. Ask added that removing the bet limit will make it difficult for the Division's investigators to make sure the pools are being run according to law. Mr. Ask also pointed out that the Legislature has recently increased the bet limit from five to twenty-five dollars (2013 Legislative Session). Mr. Morris expressed his concern that people are taking twenty-five square boards and selling them for one hundred dollars, these people are not exceeding the two thousand five hundred dollar limit, but are in violation for selling them for one hundred dollars. Mr. Morris moved to have the Division meet with Attorney General Tim Fox about removing the bet limit on sports pool boards.

New Business

Reporting Software Malfunction Rule Draft

Mr. Kamerzel and Mr. Jeseritz had drafted a rule amendment to 23.16.1903, ARM for Mr. Ask to bring forward to the Council. This draft is due to calls received by the Division from people who have concerns about refusing to make a payout because the business alleged the machine malfunctioned. Mr. Carson described this draft amendment as a protocol for what a route needs to do if they believe a game has malfunctioned. Mr. Ask suggested additional research be conducted on this issue.

Payout of VGM Tickets with a Check

Mr. Jeseritz explained the current law states that tickets need to be paid immediately when presented and paid in full with cash. He also explained that tickets must be presented within forty-eight hours of the ticket being cashed out. The division is proposing having a discussion on whether a change should be made to allow an operator to pay a player with a check in lieu of cash under certain circumstances. Mr. Jeseritz explained this would mainly affect the small operators. Mr. Kennedy followed up with asking Mr. Jeseritz if these instances are frequent, and Mr. Jeseritz explained it is not a rampant issue or problem, however it is coming up in the Division's investigations a bit more frequently than the norm. Mr. Carson explained he has a lot of rural locations and noted it is not unusual for him to have to run money to a location and have the business pay them in a check because the location does not have enough cash on hand. Mr. Carson concluded by saying there are a lot of different circumstances that circulate around this matter, and for the Division to continue to look into this.

Final Business

The Council has scheduled the next meeting for May 13, 2016 in Helena. The meeting adjourned at 11:53 a.m.