

MONTANA TAVERN TIMES

VGM Law - January 1, 2012

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Video gambling machines (VGMs) are one of the most popular forms of gambling in Montana. In fiscal year 2011, the Gambling Control Division permitted over 18,000 VGMs for play across Montana. While it is a broad topic, this article will highlight some key regulations and discuss recent changes in VGM law.

Any person who has been granted a gambling operator license and who holds an appropriate on premises alcohol beverage license may be granted a permit for the placement of video gambling machines on the person's premise. There is an annual fee of \$220 for each video gambling machine permit which is prorated on a quarterly basis. There may be no more than 20 permitted machines per location. The machines must be placed:

- In a room, area, or other part of the premises (as defined in 23-5-117, MCA) in which alcoholic beverages are sold or consumed; and
- Within the control of the operator for the purpose of preventing access to the machines by persons under 18 years of age.

Prior to being permitted and placed in a location, all machine prototypes and software must be tested in the Gambling Control Division lab to ensure compliance with all the specifications in law and rule. For example, the expected payback must be at least 80%, there is a \$2 maximum bet, and the prize limit cannot be more than \$800 per game. (Also note: The prize limit cannot be extended with promotional items such as a bottle of champagne or some other item of value.)

A video gambling machine may not be played between 2:00 a.m. and 8:00 a.m. unless the local jurisdiction adopts an ordinance that authorizes otherwise.

A licensed machine owner must pay a video gambling machine tax of 15% of the gross income from each permitted video gambling machine. The machine owner must keep a record of the gross income from each video gambling machine issued a permit and submit the total tax due within 15 days after the end of each quarter.

Prior to January 1, 2012, the video gambling machine games specifically authorized were bingo, keno, and draw poker. With the passage of Senate Bill 361 last legislative session, video line games were authorized as well. A video line game means a game in which numbers and/or symbols are drawn using a random number generator and displayed on a video screen in a variety of alignments or orders with a chance of achieving a defined outcome. Video line games may be offered only in a multigame video gambling machine cabinet. Video line games do not

include a game played on a slot machine or a machine that directly dispenses coins, cash, tokens, or anything else of value.

Another recent change was made in Administrative Rule to allow video gambling machines to accept “cash in the form of bills that do not exceed \$100” which essentially means modifications to the bill acceptors can be made to accept \$50 and \$100 bills. That rule became effective December 9, 2011. Any VGM modifications supporting or enabling the acceptance of those denominations must be approved by the Gambling Control Division lab.

Finally, with the passage of House Bill 127 last session, the legislature authorized the Gambling Control Division to establish a reasonable time period during which a player shall present a valid ticket voucher to the licensee for payment before the voucher may be considered expired and invalid. The division determined 48 hours was a reasonable time period. Therefore, effective October 1, 2011, a video gambling machine ticket voucher that is printed more than 48 hours before it has been presented for payment *may*, at the discretion of the location operator, be deemed invalid and not payable IF:

- There has been notice to the player of the expiration period by the presence of a sign not less than 24 inches by 36 inches displayed in a licensed premises at the time of play, in plain view of the gambling public, which reads “Promptly Redeem Your Win Tickets – Tickets Void After 48 hours”; AND
- The face of the video gambling machine ticket voucher paper has been preprinted with the expiration notice “Ticket Void After 48 hours.” (for machines and programs approved prior to October 1, 2011) OR
- The expiration notice “Ticket Void After 48 hours.” is printed on the face of the video gambling machine ticket voucher. (for machines and programs approved after October 1, 2011)

For more information, please call our office at (406) 444-1971 or email gcd@mt.gov.

(References: Title 23, Chapter 5, Part 6, MCA; Title 23, Chapter 16, Subchapter 18-21, ARM)