



**MINUTES
GAMING ADVISORY COUNCIL**

*May 11, 2018
Helena, Montana*

This is a summary of the Council meeting. The meeting in its entirety is recorded in a digital audio file format and maintained at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits (if any) are on file in the office of the Gambling Control Division.

COUNCIL MEMBERS PRESENT

(Chairman) Mark Kennedy
Ron Alles
Sen. Mark Blasdel

Merle Frank
Mike Kenneally
Steve Morris

Bill Slaughter

DIVISION STAFF PRESENT

Angela Nunn Ben Kamerzel Andy Ritter Anne Gerken Jason Johnson

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes from the January 26, 2018 meeting.**
- ♥ **The Council voted unanimously to approve the Division's proposal to limit sports pool activities to only those who have a gambling operator license.**
- ♣ **The Council scheduled the next meeting for October 5, 2018 in Helena, MT.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except Representative Dale Mortensen, and Bob McAnally, who were excused.

Chief of Staff Mike Milburn was present for opening remarks.

The minutes from the January 26, 2017 meeting were approved unanimously.

GAMBLING CONTROL DIVISION UPDATE

Operations Bureau Update & Statistics

Administrator Nunn gave a brief introduction of GCD staff that were present for the meeting. Ms. Nunn provided an overview of statistics for third quarter FY18. She explained that video gambling machine tax collections for the third quarter were approximately \$15 million, which was a 2% increase from the previous quarter. Ms. Nunn noted the third quarter is down a little from this time last year but is in line with what the Division has seen historically. Ms. Nunn explained that the Division received 85 license applications in third quarter. Ms. Nunn also explained the Division permitted 726 gambling machines, which was decrease from third quarter of FY17. The number of Live Bingo permits issued were up 30% from third quarter FY17. She noted there were 95 commercial and 35 exempt applications. She indicated 13 Casino Night permits and 9 Calcutta permits were issued during third quarter. Live card tables permitted were down 6%, the number of card dealers were down 8%, large-stakes tournaments were down 10%, and the number of small-stakes tournaments were down 14% from FY17.

Ms. Nunn explained to the Council the fourth quarter is winding down and the renewal season is gearing up, in which she discussed minor changes made to the renewal form's formatting, along with adding an additional financing question in relation to SB344 that passed in the 2017 Legislative Session. Ms. Nunn also shared that the actual license that is displayed on the licensee's wall has an updated look.

Ms. Nunn explained to the Council that there were a few Division projects that were completed: Problem Gambling Coasters, Video Gambling Machine Ticket Forgery Rack Cards, a Shake-a-Day Guide, a finalized list of Frequently Asked Questions, and added an interactive FAQ function (known as a "Bot" or "Chat Bot") on the Division's website.

Investigations Bureau Update

Ms. Nunn explained that the Division is now in the process of interviewing for a Bozeman Investigator position, are in the recruitment process for an Auditor position in Missoula, and were close to beginning the recruitment process for an Investigator position in Helena. Ms. Nunn summarized a past discussion on sport pools and noted that Ms. Anne Gerken was working on templates for sports pool boards.

Technical Services Section Update

Mr. Kamerzel explained the Technical Services Section had been undergoing a comprehensive review and rewrite of the Video Gambling Machine specifications that Tier I manufacturers utilize as guidelines for building machines. According to Mr. Kamerzel, a recent submission will assist the Division's inspectors to ensure the signature from the machines connected to Tier I are correct, as well as verifying there is no obsolete software on the machine.

OTHER UPDATES

Alcohol Beverage Control Division (ABCD) Update

Ms. Becky Schlauch provided a high-level update regarding ABCD activities.

Lottery Update

Mr. Bryan Costigan provided updates regarding Lottery activities.

Montana Council on Problem Gambling Update

Mr. Brad Longcake provided an overview on how the Montana Council on Problem Gambling has increased awareness in the last couple of months with outreach efforts. He noted the upcoming fall meeting for the National Council on Problem Gambling will be in Cleveland and touched on the support efforts of both the Montana Lottery and Gambling Control Division.

OLD BUSINESS

Funding Subcommittee Report

Ms. Nunn stated the Division's Funding Subcommittee met in the beginning of March.

Ms. Nunn explained the Division was continuing to study how much Alcoholic Beverage Control Division (ABCD) contributes to GCD's overall budget, by analyzing each position type in regards to case work and workload. The Division was also comparing to see how much time was spent on gambling-related business vs. the time spent on liquor-related business.

Ms. Nunn provided a brief history on the Technical Services Lab testing fee and noted that the Division was looking at a fee increase. Ms. Nunn explained to the Council that the Division was also looking into potentially increasing application processing fees.

Ms. Nunn also mentioned that changes to flat fees for Card Dealer applications and amended application fees had been tabled and would be reviewed in the future. Other ideas brought up included the allowance for more than 20 machines for a premium price and increasing machine bet/pay out limits.

Ms. Nunn indicated the Division did not have any formal proposals needing to be reviewed at that time.

Legislative Proposal

Ms. Nunn refreshed the Council that there was discussion related to sports pools and who can offer this activity during the last Gaming Advisory Council meeting. Ms. Nunn explained that there were some inconsistencies with a couple statutes, and the Division presented a couple options. During that meeting the Council recommended to refine this activity to those who have an appropriate alcoholic beverage license as defined under 23-5-119, MCA.

Ms. Nunn explained that further clarification was needed under 23-5-503, MCA for nonprofits, and

proposed to the Council to add language that nonprofits are permitted to offer this activity if they have an appropriate license to sell alcoholic beverages.

Councilman Morris made a motion to approve the Division's proposal and clarify that only those who have a gambling operator license are authorized to offer sports pools. The motion carried unanimously.

Ms. Nunn also informed the Council that the Department is currently researching other jurisdictions in how they regulate machine possession and did not have a proposal at that time.

NEW BUSINESS

Industry Associations' Legislative Forecast

Ms. Ronda Wiggers from the Montana Coin Machine Operators stated to the Council that it was expected that Blackjack will be proposed again in the 2019 Legislative Session and noted that she anticipates there would be legislation pertaining to sports betting dependent on the ruling by the Supreme Court. Ms. Wiggers noted her concerns that it may be possible the VGM tax is opened for discussion since it was mentioned during the 2017 Special Session.

Mr. John Iverson from the Montana Tavern Association next spoke on his plans to oppose any Blackjack legislation. Mr. Iverson explained that the Tavern Association plans to be a part of conversations to determine what sports betting would look like in Montana dependent on the Supreme Court ruling. Mr. Iverson also discussed to the Council that there may be legislation from the craft manufacturers and expanding retail privileges/activities.

Mr. Iverson also explained to the Council that the MTA had some discussion in the Economic Affairs Committee regarding their concerns with the short-form application process.

Mr. Neil Peterson from the Gaming Industry Association did not have any additional legislative forecasts outside of what both Ms. Wiggers and Mr. Iverson brought forward to the Council.

Draft Administrative Rules – Conceptual Review

Ms. Nunn presented to the Council the draft Administrative Rules regarding terminology, clarification, and organization for rules impacting the Technical Services Section. Ms. Nunn also touched on a few other rule updates pertaining to timely records submissions and the Card Dealer application/renewal process.

Public Comment

There was no public comment.

Final Business

The Council scheduled the next meeting for October 5, 2018 in Helena. The meeting adjourned at 12:30 p.m.