



***MINUTES
GAMING ADVISORY COUNCIL***

*May 13, 2016
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
Sen. Mark Blasdel
Tim Carson
Jed Fitch

Steve Morris
Kevin Myhre
Rep. Casey Schreiner

DIVISION STAFF PRESENT

Rick Ask Angela Nunn Dave Jeseritz Ben Kamerzel Andy Ritter

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes of the January 29, 2016 meeting.**
- ♥ **Chairman Kennedy appointed a subcommittee to discuss division funds.**
- ♣ **Chairman Kennedy appointed a subcommittee to discuss VGM issues.**
- ♠ **The Council has set the next meeting for September 30, 2016 at 10:00 a.m. in Missoula, Montana.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 9:00 a.m. All members were present except for Mike Kenneally and Bob McAnally who were excused. The minutes from the January 29, 2016 meeting were approved unanimously.

GAMBLING CONTROL DIVISION UPDATE

Division Update

Statistics

Ms. Nunn provided an overview of statistics for third quarter FY16. She explained that video gambling machine tax collections for the third quarter were approximately \$15.2 million, which was a 3% increase from the previous quarter, and less than a 1% increase compared to collections in the third quarter fiscal year of 2015. Ms. Nunn explained that the License Applications saw a small decrease compared to the last quarter, but an increase compared to third quarter fiscal year 2015. VGM permits saw a small increase third quarter. Ms. Nunn explained 867 permits were issued, which was a little more than average. Live Keno/Bingo permits increased by 13.9%. She indicated that special permits issued were up compared to this time last fiscal year. Generally live card game activity was down compared to last fiscal year.

Investigations Bureau Updates

Mr. Jeseritz explained GIB is working on filling some of their vacant positions. Mr. Jeseritz also explained there has been a little increase in enforcement in tobacco activities. All staff spring training took place on May 24, 2016. Mr. Jeseritz noted GIB has been seeing issues come up with non-profit organizations, so investigations staff had been invited to present on how to conduct fundraising activities in the appropriate manner.

Technical Services Section Updates

Mr. Kamerzel explained to the Council Members the Technical Services Section had went through a number of software revisions due to Pick-a-Pattern Bingo, and noted the lab is going through a lot of software upgrades that do not include new games but included bug fixes in the field. Mr. Kamerzel explained that with these upgrades, there will be a lot of obsolete software coming up. Mr. Kamerzel also stated that this is not minimal; rather it was thousands of machines. The lab has been processing evidence evaluations.

OLD BUSINESS

Administrative Rules

Mr. Ask explained that the Division had a public hearing for New Rule I Temporary Gambling Authority, and amendments to Administrative Rules 23.16.119, 23.16.502, 23.16.1702, 23.16.1703, and 23.16.1907. The Division received positive comments from interested parties, so the rules will be adopted.

Online Fantasy Sports Leagues

Representative Mandeville attended the GAC meeting to present his position on online fantasy sports leagues. Mr. Ask provided an overview noting that Representative Mandeville sponsored House Bill 181 in the last Legislative Session. Representative Mandeville explained that there are a lot of different types of fantasy sports and a wide ranging activity in the industry. Mr. Mandeville was very appreciative the Council invited him to come present and would like to work together to define what fantasy sports are. Mr. Ask noted that the Division will stay in touch and is willing to provide updates as it gets closer to the legislative session.

Key Employee/Location Manager Update

Mr. Ask provided a brief overview of the updates the Division had made to get the Location Manager Form tightened up. Mr. Ask noted the form was sent out with the additional changes and the Division did not receive any negative feedback. Ms. Nunn mentioned there was a subcommittee meeting prior to the May 13, 2016 meeting, where discussion took place which regarded changing the term Key Employee. Councilman Kenneally suggested changing the name to Location Manager to help provide clarification for the purpose of the form. Ms. Nunn explained the list of duties was removed from the form, and the Division will compose a FAQ document to provide additional information and clarification. The Division will formalize the rule proposal for the Council's review.

New Business

Social Card Games

Mr. Ask discussed that the GAC bill during the 2007 Legislative Session sought to define all the authorized card games that were not poker or panguingue as social card games. Mr. Ask noted the purpose of the bill was to take these games out of the realm of regulation as long as people were playing for minimal value. Since then, the Division has received questions from those hosting cribbage tournaments checking to see if their prize structure was minimal. Mr. Ask also noted there is nothing in the federal statute that defines minimal value. Mr. Ask then posed the question what should the minimal value be. The Division will continue to put together a rule proposal for the Council's review.

Non-Profit Activity Limitations

Mr. Jeseritz went through the presentation he uses when he is invited to speak at non-profit meetings and conferences around the state. This presentation gives the organizations information about what the Division was seeing out there, and how to appropriately and legally conduct fundraising activities. The message Mr. Jeseritz was emphasizing was the Division wants to work with them to make sure they are in compliance with the gambling rules and regulations.

Division Funding

Mr. Ask explained that the Division has begun looking at division funding in terms of levels of revenues versus division expenditures. Mr. Ask suggested a subcommittee be formed to start looking at the division revenues and come up with ideas to generate income to hopefully create a long-term solution to the funding issue. Tim Carson was named the chairman of the subcommittee with members Representative Schreiner and Mike Kenneally. (Note: Senator Blasdel was added to this subcommittee after the meeting.)

Other

Mr. Ask suggested Chairman Kennedy appoint a subcommittee to discuss various VGM issues and bring a proposal back to the Council at the September 30, 2016 meeting. Chairman Kennedy appointed Tim Carson as the Chairman of the subcommittee along with members Jed Fitch and Steve Morris. (Note: Mike Kenneally elected to join this subcommittee as well.)

Final Business

The Council scheduled the next meeting for September 30, 2016 in Missoula. The meeting adjourned at 11:35 a.m.