



***MINUTES
GAMING ADVISORY COUNCIL***

*May 15, 2015
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

Steve Morris
Kevin Myhre
Rep. Casey Schreiner

DIVISION STAFF PRESENT

Rick Ask

Dave Jeseritz

Angela Nunn

Andy Ritter

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes of the September 26, 2014 meeting.**
- ♥ **The Council voted to continue the manager/key employee subcommittee.**
- ♣ **The Council voted unanimously to approve the Administrative Rules Proposal for Sports Tab Boards.**
- ♠ **The Council set the next meeting for September 25, 2015 in Missoula.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except for Mike Kenneally, Jed Fitch, and Bob McAnally who were excused. The minutes from the September 26, 2014 meeting were approved unanimously. Attorney General Tim Fox was present to provide a few opening remarks.

GAMBLING CONTROL DIVISION UPDATE

Legislative Update

Mr. Ask discussed the passing of House Bill 38 regarding social card games, sports tabs, Calcutta permit fees, and temporary operating authority. This bill will separate social card games so the Division does not have to regulate them as long as they meet certain bet and payout limits. There was discussion that this bill also implemented changes in sport tab pools. Mr. Ask explained House Bill 38 gives the Division the authority to develop rules to offer temporary operating authority, and these rules are planned to be effective by October 1, 2015.

Mr. Ask discussed the passing of House Bill 577. This bill determined the operation of a hub accepting Montana wagers without being licensed by the Montana Board of Horse Racing was illegal internet gambling, and is subject to Gambling Control Division law enforcement jurisdiction. Mr. Ask further explained House Bill 577 also included clarifications. This includes clarifying a wager made by a Montanan no matter where they are, is still a Montana wager, and clarifying the enforcement bridge to GCD and the division's enforcement tools.

Sports Pool Variations

Mr. Jeseritz explained to the Council members and all who were present that new sport pool variations have recently been approved by the Division. The new sports pool variations include: The multiple ways sports pools, multiple competitive sports board, and the NCAA series sports pool boards. Mr. Jeseritz further explained there are numerous winners through a multiple ways sports pool.

Mr. Morris questioned if there will be an "all gamer" type of board, and Mr. Ask explained the multiple ways board will be a sports board that fulfills that type of board.

TAP Project Update

Ms. Nunn explained the Division is entering its second year of the TAP project. Ms. Nunn's goal with this service is by the end of 2015, licensees can work with the Division entirely paperless if they choose to. In March, the Division rolled out the second phase of the project related to Video Gambling Machine (VGM) Services. These services include: permitting machines, submitting letters of withdrawal, submitting meter readings, paying taxes, and submitting services reports. If licensees work within TAP, there are no transaction fees when payments are made.

Statistics

Ms. Nunn provided an overview of statistics for third quarter (FY2015). She explained that video gambling machine tax collections for the third quarter were approximately \$15.1 million, which was approximately a 2.2% increase from the previous quarter, and a 5.8% increase compared to collections in the third quarter fiscal year of 2014. Overall Ms. Nunn explained that the Division is down in permits and licenses, but tax collections have increased.

Other Updates

The Gambling Control Division is going to meet with Liquor Division between GAC meetings to draft Administrative Rules to implement temporary operating authority for gambling operator licenses.

OLD BUSINESS

Manager Definitions/Agreements Subcommittee Report

The Council voted unanimously to continue the manager/key employee subcommittee.

NEW BUSINESS

Sports Tabs

Administrative rules proposal for operating Sports Tab Boards in conjunction with an event series were presented and approved unanimously.

Licensing and License Transfers for Publicly Traded Corporations

Ms. Nunn brought up the concern for questions to the Division on when Publicly Traded Corporations need to file a new license application when an investor jumps to a new threshold of ownership. The proposal is to require a new application when there is 10% of ownership if they are an active investor, and when a passive investor reaches the 25% threshold. This proposal is to be motioned for approval at the next meeting. There will be applications created for these instances and will have an application fee. Ms. Nunn also explained a short form is required when there is an owner with 5-10% ownership interest as active investors and 5-25% if they are passive investors.

Topics for Next Biennium

The discussion of license streamlining was a topic of interest to create a new application or short form where a licensee acquires a new location and does not have to fill out an entirely new application. Another topic of interest was coming up with new language to further and more accurately explain the 150 foot rule (23-5-629, MCA). Mr. Ask proposed the Council creates an amendment to resolve some of the issues taking place. Other topics that were mentioned include: debit card use and gambling, dinner cruise/casinos, sports pool wager limits, e-transferring machine data for player tracking purposes, and credit union exception for gift enterprise regulation.

FINAL BUSINESS

The Council scheduled their next meeting for September 25, 2015 in Missoula. The meeting adjourned at 12.15 p.m.