MINUTES
GAMING ADVISORY COUNCIL

May 19, 2017
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
Tim Carson

Mike Kenneally
Steve Morris
Rep. Dale Mortensen (via phone)
Bill Slaughter

DIVISION STAFF PRESENT

Angela Nunn
Dave Jeseritz
Andy Ritter
Ben Kamerzel
Mike Fanning

SUMMARY OF COUNCIL ACTION

◆ The Council voted unanimously to approve the minutes of the September 30, 2016 meeting.

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except for Bob McAnally who was excused. The minutes from the September 30, 2016 meeting were approved unanimously.
GAMBLING CONTROL DIVISION UPDATE

Division Update

Operations Bureau
Update & Statistics

Ms. Nunn noted to the Council that the Division was currently in the license renewal period and among a few other changes, had simplified the renewal forms to pre-populate certain information. She explained there was a page specifically for location manager information. Ms. Nunn also provided an overview of statistics for third quarter FY17. She explained that video gambling machine tax collections for the third quarter were approximately $15.1 million, which was less than a 4% increase from the previous quarter and was similar to the collections in third quarter FY16. Ms. Nunn explained that the license applications were somewhat low compared to other fiscal years. She noted this is possibly due to some special projects that occurred earlier in the year. VGM permits saw a 165.4% increase from third quarter FY16, but that was a result of a special project and not indicative of a change in trend. Live keno/bingo permits increased by 1%. She indicated 15 casino night permits and 55 Calcutta permits were issued over the course of FY17. Live Card Tables were down 8%, the number of card dealers and large-stakes tournaments were steady, and the number of small-stakes tournaments were up.

Investigations Bureau Updates

Mr. Jeseritz explained GIB hired an investigator, which resulted in a fully staffed bureau. He noted Jason Shudan will be working out of the Kalispell Office. Mr. Jeseritz also explained to the Council that Dan Doyle out of Butte retired on May 31st, and updated the Council that VGM forgeries are continuing to occur. Mr. Jeseritz concluded by noting the Investigations Bureau is expanding their routine premise inspections to include all liquor license types.

Technical Services Section Updates

Mr. Kamerzel explained business has picked up in the lab. He indicated there has been an increase in the number of complaints they are receiving for bugs/issues in the games. Mr. Kamerzel noted that there is a lot of man power involved with these issues. Mr. Kamerzel also explained the lab is seeing more unapproved software being identified in the field.

OLD BUSINESS

Funding & VGM Issues Subcommittees Report

Ms. Nunn explained the two subcommittees had met once since the last Council meeting. Ms. Nunn discussed with the Council that the Division is facing potentially a $400,000 shortfall this fiscal year in terms of budget authority the Division has, compared to the revenue that had been brought in. She noted the funding subcommittee is working on a variety of proposals to address the situation. Ms. Nunn also explained the Division is exploring the funding percentage provided by
Liquor Control Division. The Division is also exploring various fee changes.

Councilman Carson provided an update as to where the VGM Subcommittee is at currently. He noted to the Council that player disputes are happening on a weekly basis. He explained the technology for last game recall, which is out in the field currently. This technology allows the ability to go back and look at the outcome for what took place in a game. He also explained that the subcommittee will propose the ability to look back at 10,000 games in the database and 100 recalls on the bill acceptor software. Mr. Carson also indicated the subcommittee discussed standardizing the format for data dump sheets, and concluded that the Division will be working on updating rules that refer to outdated and obsolete technology that is no longer used in the field as well as rules regarding the destruction of a machine.

NEW BUSINESS

Legislative Session Review

Ms. Nunn provided a handout to the Council that summarized the bills that affected the Division. She highlighted the GAC/Justice bill (SB025), and noted the bill passed and was signed by the Governor. She explained it passed with a few modifications from the bill’s original language including nonprofits needing to register with the Department to offer online raffles, savings promotion raffles were extended to include all financial institutions (instead of just credit unions), and the removal of social fantasy sports leagues. Ms. Nunn noted the bill is effective October 1, 2017. Ms. Nunn also highlighted the proposed bill to legalize blackjack (HB578) died on the House floor on third reading with a 50-50 vote.

Proposed Administrative Rules

Ms. Nunn discussed a conceptual form of the proposed administrative rules that will fall on the heels of the Legislative Session, which were included in the same handout. Ms. Nunn explained to the Council that the rules being looked at are related to the bills that passed.

Topics for Next Biennium

Problem Gambling Funding:

Chairman Kennedy explained to the Council that he is head of the Montana Council on Problem Gambling. Mr. Kennedy noted their Executive Director was unable to attend. He provided a brief background and history of the organization for the newest members sitting on the Council. In conclusion to the background history, he noted once Ms. Nunn was appointed as the Division Administrator, she has demonstrated interest in finding ways the Division can promote funding and programs for the various efforts the Montana Council on Problem Gambling undertakes.

Unclaimed Sports Pools/Sports Tabs:

Chairman Kennedy briefly touched on the history and explained in the very beginning when fines were imposed on a location, they could write a check to a non-profit of their choice. Mr. Kennedy then explained as time moved forward, the fines were contributed to the general fund. He then
made the notion that there has been discussion on trying to bring this back and include the pot for unclaimed sports pools/sports tabs.

Card Dealer License/ Renewal Process:

Ms. Nunn explained to the Council that this is something that was brought to the attention of the Division’s former Administrator Rick Ask. Ms. Nunn stated this is something the Division is internally looking at the licensing process for card dealers, and looking for possible efficiencies to be gained through a streamlined process. Ms. Nunn noted she will be bringing back a recommendation at a future meeting.

Licensee Education:

Ms. Nunn explained that one of her goals as the Administrator, is to proactively educate the Division’s licensees. She noted the Division will be working closely with industry associations and potentially Liquor Control to determine where the gaps are, rather than only following up with the licensee by issuing violations and fines. Ms. Nunn mentioned some ideas on what this education would look like.

Other:

Ms. Nunn informed the Council that herself and some of the Council members have been approached to discuss the possibility to bring historic horse racing to the Montana market. Ms. Nunn explained these machines are standalone, but are somewhat similar to the current video gambling machines in the field. She also explained that instead of having a random number generator, these machines have a database built-in that hold data and information from past horse races.

St. Jude’s Update

Tanya Holmes is a part of a fundraising organization for St. Jude’s Children’s Hospital. Ms. Holmes provided handouts to the Council that provided an update for their organization during the interim of their last attended meeting in 2014. She expressed appreciation of the Department and Council’s support for changes to nonprofit fundraising regulations.

Montana Indian Gaming Association Update

Mr. Raymond Jazz Parker provided an update to the Council and noted he and his associates who helped form the Montana Indian Gaming Association, had finalized their association since the last meeting. Currently six of the seven tribes in Montana are represented in this association. Mr. Parker provided an introduction for their newly appointed chairman Mr. Jay Dusty Bull.

Public Comment

No public comment.

Final Business
The Council scheduled the next meeting for September 15, 2017 in Helena. The meeting adjourned at 11:35 a.m.