MINUTES
GAMING ADVISORY COUNCIL

July 10, 2020
Helena, Montana/Zoom

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       Steve Morris
Merle Frank                   Carole Lankford via Zoom
Rep. Wylie Galt via Zoom       Bill Slaughter via Zoom
Mike Kenneally via Zoom

DIVISION STAFF PRESENT

Angela Nunn       Dave Jeseritz       Mike Fanning       Andy Ritter       Matt Eckdahl       Anne Gerken

SUMMARY OF COUNCIL ACTION

◆ The Council voted unanimously to approve the minutes from the September 20, 2019 meeting.

♣ The Council scheduled the next meeting for October 2, 2020 in Helena. The meeting adjourned at 12:30 p.m.

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except Senator Mark Blasdel and Cory Swanson who were excused.

The minutes from the September 20, 2019 meeting were approved unanimously.
GAMBLING CONTROL DIVISION UPDATE

Operations Bureau Update

Administrator Nunn gave a brief introduction of GCD staff that were present for the meeting. Ms. Nunn provided updates on the impact of COVID-19 and indicated that licensed locations can operate with 75% capacity, machines must be six feet apart, and card rooms were allowed to begin operating under phase two of the Governor’s directive. Ms. Nunn also briefly clarified the division’s involvement on the enforcement of the directives and explained that it primarily falls under the local health departments. Ms. Nunn also mentioned that approximately 25% of division staff are either primarily working from home or intermittently working from home. Ms. Nunn stated there were some process modifications to fingerprints and reporting requirements. Ms. Nunn also explained the division had finished license renewal processing on June 30 and were in the process of collecting fourth quarter taxes. Ms. Nunn concluded her updates with staff changes and updates on the division’s communications projects.

Investigations Bureau Update

Mr. Jeseritz explained to the Council that the Investigations Bureau completed 2,359 premises inspections and 1,689 cases in FY20. Mr. Jeseritz also indicated investigators completed 429 self-initiated activities (walk-throughs at locations after 5 pm, special events on weekends, visits with local law enforcement, etc.) during FY20. Mr. Jeseritz also explained that investigators assisted in running COVID-19 test kits.

Technical Services Section Update

Mr. Eckdahl explained to the Council that the Technical Services Section remained open during the shutdown. Mr. Eckdahl noted the lab completed testing of 15 hardware or software cases and completed 75 total cases in FY20. Mr. Eckdahl further explained there were 51 new versions of VGM software and 5 new VGM models. He also noted that the inspectors inspected 400 VGMs in the fourth quarter and 2,800 for FY20. Mr. Eckdahl mentioned the software developers are in the middle of upgrading Gentax and TAP with an expected rollout date of January 1, 2021.

Statistics

Mr. Ritter provided an overview of statistics for third quarter FY20. He explained that video gambling machine tax collections for the third quarter were approximately $14.5 million, which was an 8.6% decrease from the previous quarter. Mr. Ritter noted that the Division received 84 license applications in third quarter. Mr. Ritter also explained the Division permitted 538 gambling machines, which was a decrease from third quarter FY19. The number of Live Bingo permits issued was 181. He indicated 35 Casino Night permits and 131 Calcutta permits were issued in FY19. Live card tables permitted were down 15%, the number of card dealers were down 12%. Mr. Ritter also mentioned the division issued 120 large-stakes tournament permits, and 25 small-stakes tournament permits. Ms. Nunn followed up and explained the decrease in VGM tax revenue was attributed to the COVID-19 shutdown.
OTHER UPDATES

Alcohol Beverage Control Division (ABCD) Update

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

Montana Board of Horse Racing

Mr. Tom Tucker provided updates regarding Board of Horse Racing activities – specifically the status of the Historical Horseracing proposal.

Montana Lottery

A written report was provided to the Council related to sports wagering.

Montana Council on Problem Gambling Update

Mr. Brad Longcake provided updates regarding the Montana Council on Problem Gambling.

Montana Indian Gaming Association

The Montana Indian Gaming Association was invited but unable to attend.

OLD BUSINESS

Division Funding Report

Ms. Nunn provided an update and noted the Funding Subcommittee met in February and decided to move forward with a couple items, which included finishing up the study Alcohol Beverage Control Division funding percentage they are contributing to the division budget. Ms. Nunn explained the division finalized that study and had put together a decision package budget proposal to increase this from 29% to 32%. Ms. Nunn mentioned the subcommittee asked the division to look at the application processing fees and consider any changes that could be made in capturing actual costs for processing. Ms. Nunn stated the proposed changes went into effect on July 1.

Temporary Emergency Rule

Ms. Nunn explained to the Council that back in April the division adopted an emergency rule in response to the financial crisis that licensees had faced during the mandatory closures. Ms. Nunn noted this rule provided that the division may waive or reduce penalties related to late tax payments. She indicated there were approximately 20 licensees that were unable to make their full third quarter tax payment which amounted to approximately $3.7 million, but only $875,000 was left to collect.
Other Topics Identified by the Council

Blackjack

Ms. Nunn indicated to the Council that Chairman Kennedy had mentioned that he would like to establish a subcommittee but asked Representative Galt to work industry to identify a plan. Representative Galt explained that he had met with the MTA and had many discussions and concluded that he will not move forward with a proposal in the upcoming legislative session.

Dice Games

Ms. Nunn noted to the Council that this topic was brought to the table by Councilman Morris. Ms. Nunn explained that she had provided a handout at the September 20, 2019 meeting. Councilman Morris followed and indicated that he did not think any legislation was necessary at this time.

Poker Promotions

Ms. Nunn explained this topic was brought forward to the Council by Mr. John Iverson during the public comment period at the September 20, 2019 meeting. Ms. Nunn mentioned there were not any conversations held in the interim. Mr. Iverson indicated there was not a lot of interest within the industry and stated they will not pursue this during the upcoming legislative session.

Role of the Gaming Advisory Council

Chairman Kennedy provided a brief overview as to the reasoning the “Role of the Gaming Advisory Council” had been added to the agenda as a biennium topic. Chief of Staff Mike Milburn was present and explained to the Council some of the department concerns based on the results of the last legislative session. Mr. Milburn asked Ms. Nunn to put together a proposal for a workgroup to continue to study this topic.

NEW BUSINESS

Player Rewards

Chairman Kennedy explained to the Council that Representative Buttrey had been working on a legislative proposal regarding player rewards. Representative Buttrey provided a brief presentation of his proposal to the Council.

Proposed Administrative Rules

Ms. Nunn explained to the Council that Mr. Mike Fanning had been tasked with preparing amendments to the division’s financing rules. Mr. Fanning provided an overview of the current status of the proposed changes. Ms. Nunn noted there is more work to be done before a formal proposal is presented to the Council.

Ms. Nunn mentioned to the Council the division had a list of rules to look at and work on. Ms. Nunn presented an update on the topics that were listed.

White Papers

Ms. Nunn provided to the Council a couple handouts.
Credit

Ms. Nunn noted that with technology advancements and online commerce, there is an increased interest in using payment services such as PayPal and Venmo. With the prohibition on credit gambling, these services have created some compliance issues for nonprofits and some members of the industry. Ms. Nunn noted the topic of credit had been an ongoing discussion from the two legislative sessions ago when nonprofit organizations were authorized to hold raffles online. Ms. Nunn explained the nonprofit organizations are having a difficult time finding payment services that did not accept credit card payments. That among other issues prompted the division to present this as an area of discussion. The division proposed three options, one of which included the Council’s recommendation to consider a legislative change to address these new payment services and/or further refine the definition of credit (but not change the prohibition). Councilman Frank recommended that in addition to what was outlined in the white paper, the division should expand their research to include cashless gaming.

Suitability

The second white paper that had been provided to the Council was related to suitability. Ms. Nunn explained this is something the division had been trying to navigate for several years. She provided a brief background of the issue. Primarily, the division’s goal is to further refine what role or relationship a felon or otherwise unsuitable individual can have in a licensed location. The Council recommended that the division move forward and come to the next meeting with a legislative proposal to address the issue.

Public Comment

Mr. Dan Fuchs was present and provided public comment related to historical horse racing.

Final Business

The Council scheduled the next meeting for October 2, 2020 in Helena. The meeting adjourned at 12:30 p.m.