



**MINUTES  
GAMING ADVISORY COUNCIL**

*September 15, 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	Bob McAnally
Ron Alles	Steve Morris
Merle Frank	Bill Slaughter
Mike Kenneally	

**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 from the May 19, 2017 meeting.**
- ♥ **Chairman Kennedy appointed Councilman Merle Frank to sit on both the Funding and VGM Subcommittees (to replace Tim Carson).**
- ♣ **The Council voted unanimously to approve the Division to move forward with the Unclaimed Sports Pools proposed conceptual rule change.**
- ♠ **The Council scheduled the next meeting for January 12, 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 Senator Mark Blasdel and Representative Dale Mortensen who were excused. Chairman Kennedy opened the September 15, 2017 meeting with an introduction of the newly appointed council member, Mr. Merle Frank.

Chief of Staff Mike Milburn followed Mr. Frank's introduction with opening remarks.

The minutes from the May 19, 2017 meeting were approved unanimously.

## **GAMBLING CONTROL DIVISION UPDATE**

### **Operations Bureau Update & Statistics**

Administrator Nunn opened with a brief introduction of GCD and LCD staff that were present for the meeting. Ms. Nunn provided an overview of statistics for fourth quarter FY17. She explained that video gambling machine tax collections for the fourth quarter were approximately \$15.2 million, which was less than a 1% increase from the previous quarter. Ms. Nunn noted that the collections were similar to third quarter FY17 and fourth quarter FY16, and the total fiscal year 2017 collections were \$59.8 million. Ms. Nunn explained that the Division received 67 license applications in fourth quarter. Ms. Nunn also explained the Division permitted 604 gambling machines and the number of Live Keno/Bingo permits issued were the same as last year. She indicated 39 Casino Night permits and 243 Calcutta permits were issued over the course of FY17. Live card tables permitted were down 8%, the number of card dealers and large-stakes tournaments were down 9%, and the number of small-stakes tournaments were up 17% from fiscal year 2016. Ms. Nunn indicated that approximately 40% of the licensed gambling operators renewed their licenses online, which is up from the previous year.

### **Investigations Bureau Update**

Investigations Chief Jeseritz opened by discussing ticket forgeries that are occurring around the state. Mr. Jeseritz explained that he had discussions with the tavern owners and operators at the MTA Convention and explained they are the first line of defense. In those conversations, Mr. Jeseritz had asked them to be diligent when checking cash tickets. Mr. Jeseritz specified that people are now stealing the paper from locations and printing win tickets, and explained to the Council that these forgery cases are taking up a lot of staff hours and has been a large piece of their work as of recent. Mr. Jeseritz summarized that GIB has completed 969 inspections and approximately 875 licensing and criminal cases to date this calendar year.

### **Technical Services Section Update**

Mr. Kamerzel explained that the Lab was working on drafting requirements for game history recall, and mentioned that he will be potentially bringing draft requirements for cash ticket recall to the next VGM subcommittee meeting. Mr. Kamerzel touched on GRO's exclusive machine, and concluded that he was finalizing the documentation for the destruction of machines and obsolete equipment.

### **Liquor Control Division (LCD) Update**

Administrator Schlauch was present for the September 15, 2017 meeting and introduced herself and provided a high-level update regarding division activities.

## **OLD BUSINESS**

### **Funding & VGM Subcommittees Report**

Ms. Nunn explained the funding subcommittee had not met since the last Gaming Advisory Council meeting, but noted the Division has had some correspondence on the study for funding provided by LCD. Ms. Nunn reiterated that the Division will potentially see a \$400,000 shortfall if the revenue comes in as projected and if the Division spends out its entire appropriation authorized by the Legislature. Ms. Nunn mentioned that GCD is conservative with its spending and noted the Division ended FY17 with a \$35,000 shortfall.

Ms. Nunn explained that the VGM subcommittee had not met since the last Gaming Advisory Council meeting, and noted Mr. Kamerzel had touched on a couple items that are being looked at by this subcommittee. Ms. Nunn had asked to keep this subcommittee due to a few follow-up agenda items that need to be brought forward for discussion.

Chairman Kennedy appointed Councilman Merle Frank to both subcommittees.

### **Administrative Rules Update**

Ms. Nunn explained to the Council that the MAR notice was sent out to the Council prior to meeting for review, and provided a high-level summary of the rules. Ms. Nunn also mentioned that these changes were based on the legislation passed during the 2017 Legislative Session.

## **NEW BUSINESS**

### **Unclaimed Sports Pools/Sports Tabs Proposal**

Ms. Nunn explained to the Council this has been a topic that had been discussed in the past. She noted that an employee from the Department of Revenue Unclaimed Property attended a past meeting and explained what the process should be. Ms. Nunn discussed that the Division is looking at ways to provide something specific in the Statute or Administrative Rule which would allow operators to not have to go through the current process. Mr. Mike Fanning had provided a draft proposal (concept) to the Council that might address the issue. Councilman Morris moved to approve the Division to move forward with the proposal. The motion was approved unanimously.

### **Card Dealer License Renewal Process Update**

Ms. Nunn explained to the Council the Division has looked at making some changes to the Card Dealer licensing process. Ms. Nunn discussed the feedback that had been provided, and the options the Division is considering to make the process more efficient.

### **Sports Pools Discussion**

Ms. Nunn opened the discussion by noting Sports Pools have been and continue to be a topic of interest for many. She also explained the Division spends a lot of resources on this activity. Ms. Nunn proposed that a subcommittee be formed to discuss what is working and what is not. Mr. Jeseritz explained what the investigators are seeing out in the field, and Ms. Nunn followed by explaining the goal is to clean up the rules to make them clear and easily understandable by the licensees. Chairman Kennedy had asked the Division to come up with a proposed template and bring back to a future meeting.

### **Licensee Education Update**

Ms. Nunn noted the Division was in the final stages of hiring a Communications Specialist and explained his/her main role will be working to educate licensees and increase internal communication/training.

### **Other**

Ms. Nunn explained to the Council that the Department of Justice had received a request for an Attorney General Opinion regarding historic horse racing machines. Ms. Nunn noted the request was to see if historic horse racing is provided for under the current statutory framework (under the Board of Horse Racing) and whether it is considered an illegal video gambling machine.

Other topics that had been discussed were the terminology of line games and hand-held 50-50 devices.

### **Montana Board of Horse Racing Update**

Mr. Tom Tucker provided a handout to the Council and discussed the history of horse racing and where it is now.

### **Montana Lottery Update**

Mr. Bryan Costigan provided a background of their agency, and a summary of how they operate and the processes they are working toward.

### **Montana Council on Problem Gambling**

Mr. Brad Longcake provided an overview of the organization and statistical information to the Council.

### **Public Comment**

No public comment.

### **Final Business**

The Council scheduled the next meeting for January 12, 2018 in Helena. The meeting adjourned at 12:15 p.m.