



**MINUTES
GAMING ADVISORY COUNCIL**

*September 30, 2016
Missoula, 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
Jed Fitch (via phone)

Mike Kenneally
Bob McAnally

DIVISION STAFF PRESENT

Rick Ask Angela Nunn Dave Jeseritz Andy Ritter Mike Fanning

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes of the May 13, 2016 meeting.**
- ♥ **The Council voted unanimously to keep the Funding Subcommittee.**
- ♣ **The Council voted unanimously to keep the VGM Subcommittee.**
- ♠ **The Council voted unanimously to include the suggested changes to 23-5-629, MCA in the GAC/Justice bill.**
- ◆ **The Council voted unanimously to move forward with the Credit Union gift enterprise exception.**
- ♥ **The Council voted unanimously to include the non-profit organization exceptions in the GAC/Justice bill.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except for Steve Morris and Representative Dale Mortensen who were excused. The minutes from the May 13, 2016 meeting were approved unanimously.

GAMBLING CONTROL DIVISION UPDATE

Division Update

Operations Bureau Update & Statistics

Ms. Nunn mentioned to the Council that the Bureau is now fully staffed. Ms. Nunn also explained that the biggest things that are being dealt with currently is the transition from e-Pass to TAP and getting resources out to everyone to make the transition seamless. Ms. Nunn also mentioned the Division is working on the upgrade to the license tracking and processing database Gentax. Ms. Nunn also provided an overview of statistics for fourth quarter FY16. She explained that video gambling machine tax collections for the fourth quarter were approximately \$15.1 million, which was less than a 1% decrease from the previous quarter, and a 1.1% increase compared to collections in the fourth quarter FY15. Ms. Nunn explained that the License Applications saw a 2% increase compared to FY15. VGM permits saw a 2.7% increase from FY15. Live Keno/Bingo permits increased by 11%. She indicated 41 Casino Night permits and 201 Calcutta permits were issued over the course of FY16. Live Card Tables were down 3%, the number of Card Dealers and Large-stakes Tournaments were steady, and the number of Small-stakes Tournaments was down. Ms. Nunn also noted the Biennial Report is in draft, and a copy will be sent to the Council for review and approval.

Investigations Bureau Updates

Mr. Jeseritz explained GIB had filled the two vacant investigator positions, bringing the Bureau to 18 full-time investigators. Mr. Jeseritz explained that Michael Baum will be working out of the Helena office, and Steven Liss will work out of the Kalispell Field Office.

Technical Services Section Updates

Mr. Ask explained to the Council that Mr. Kamerzel and his machine engineers were traveling from the G2E Conference in Las Vegas that they attend each year. Mr. Ask noted that if anyone present had any questions or comments that normally are directed to the Division's Lab, Mr. Ask made the notion that he was happy to try and answer questions, but if not he would bring them back to Helena to have answered.

OLD BUSINESS

Funding & VGM Issues Subcommittees Report

Mr. Ask explained that the two appointed subcommittees had met two times leading up to the meeting. Mr. Ask discussed that the funding subcommittee was formed in order to discuss ideas on how the Division funding can stay adequate. There are a few ideas on the table and Mr. Ask had asked his staff to research and try to put a dollar value on the ideas for review in order to have a package together from the subcommittee to bring forth to the Council. Mr. Ask made a

recommendation to retain this subcommittee. The Council voted unanimously to keep the funding subcommittee. Mr. Ask moved forward to report to the Council the discussions that had taken place in the VGM Issues Subcommittee. This subcommittee addressed two topic areas including suggested language changes to the Administrative Rule for machine malfunctions. Mr. Ask also explained that the subcommittee is looking into drafting an amendment to 23-5-622, MCA to expand the law so it encompasses the exploitation of a machine gaffe. Mr. Carson had noted that he recommended that this subcommittee is retained for future meetings. A motion was made and voted unanimously in favor.

NEW BUSINESS

Proposed Administrative Rules

Mr. Ask explained that all the proposed rules in the provided packet were the rules that were discussed over the interim. They included the following topic areas: location managers, social card games played for prizes of minimal values, publicly traded companies, and video gambling machine malfunctions. The rules hearing is scheduled for November 17, 2016 in Helena at 2550 Prospect Ave.

Proposed Legislative Changes

Mr. Ask explained to the Council that the current law prohibits the Division from issuing video gambling machine permits to a license applicant who proposes to open an establishment that is within 150 feet of a common owner. Mr. Ask proposed to the Council that additional language be added to 23-5-629, MCA which prohibits common owners and prohibits these owners working in an inter-related fashion. Mr. Carson made a motion to move forward with the proposal. The Council approved unanimously.

Mr. Ask explained to the Council Donya Parrish of the Montana Credit Union Association had asked for an exception in the gift enterprise definition that would allow credit unions to enter people into a raffle when a new savings account is opened with them. Mr. Ask noted that the State of Michigan has this proposed exception and that the Division can go in and copy the language in their definition. The Council voted unanimously to move forward with drafting this proposal.

Non-Profit Organization Exceptions

Mr. Ask discussed the issues that were coming up with non-profit organization fundraising activities. Mr. Ask then explained that maybe considering a proposal will alleviate any concerns. This proposal was brought forth to Attorney General Tim Fox and approved. This proposal includes an exception to gift enterprise definition which would allow these organizations to package raffle tickets with the sale of a table at a fundraising event. Mr. Ask had also proposed an exception be created to allow for the sale of non-profit raffle tickets through the internet with the use of a debit card or e-check. Another exception that Mr. Ask had proposed to the Council is allowing the sale of raffles outside of the geographic confines of the state of Montana only if it is not prohibited in the other jurisdiction(s). Mr. Carson moved to approve the proposal as presented for inclusion in the GAC/Justice bill in the upcoming Legislative Session. The Council voted unanimously in favor.

Fantasy Leagues

Mr. Ask brought forth to the Council a package Representative Mandeville had put together regarding online fantasy sports leagues that he would like proposed in the 2017 Legislative Session. Mr. Ask noted that the Division is not quite ready to provide a recommendation regarding this proposal and suggested the division do more research and come back to the Council to make either a telephonic or electronic vote prior to a set deadline for the bill draft. The Council had approved this suggestion.

Machine Tampering

Mr. Ask explained to the Council that this was a topic of discussion in the VGM Issues Subcommittee, and discussed that this subcommittee is looking at a way to modify the statute (23-5-622, MCA) to make clear that tampering with a machine is a criminal act. Assistant Attorney General Mike Fanning has begun developing a proposal to bring forth to the Council. Mr. Fanning presented to the Council the research of multiple cases that have taken place throughout the United States that are similar to the machine gaffe issue that took place in Montana. A proposal or update will be provided to the Council prior to the deadline for the bill draft.

Public Comment

Mr. Ask explained to the Council that Mr. Ray Parker had contacted him in regards to the meeting. Mr. Parker is the spokesman for the tribal gaming groups in Montana, and informed the Council that they are creating a Montana Indian Gaming Association which as of now includes 6 of the 7 tribes in Montana. Mr. Parker mentioned five topics which they would like to discuss further. Mr. Parker invited the Council to attend their next meeting in Billings on October 20, 2016.

Mr. Neil Peterson from the Gaming Industry Association proposed that the Council look into implementing some kind of application process for the non-profit organizations who are looking to make sales through debit cards and e-checks or offering internet gambling.

Final Business

The Council scheduled the next meeting for May 19, 2017 in Helena. The meeting adjourned at 11:35 a.m.