

MONTANA DEPARTMENT OF JUSTICE

GAMBLING CONTROL DIVISION

Biennial Report

Fiscal Years 2013 - 2014



and

Report of the

Gaming Advisory Council

December 2014

Gambling Control Division
PO Box 201424
Helena, MT 59620

(406) 444-1971
gcd@mt.gov
www.dojmt.gov

Executive Summary

The Gambling Control Division has invested a lot of time and attention over the last two years toward improving the user experience when using online services and automating many other functions through technological advances.

Over the last two fiscal years, the gambling industry has seen moderate growth. The video gambling machine tax collections, a key indicator for the industry, increased 6.17% in fiscal year 2013 but saw a slight (.2%) decline in fiscal year 2014. These tax collections provided \$114 million to the state general fund over the reporting period.

The division issued around 19,000 permits for video gambling machines each fiscal year, with an average of 16,700 machines reporting play each quarter. The peak in number of active machines was seen in fiscal year 2008 (average of 18,350) and has been slowly declining since then.

A number of tribal compacts were re-negotiated during the reporting period including the Crow Tribe of the Crow Reservation, Assiniboine and Sioux Tribes of the Fort Peck Reservation, Northern Cheyenne Tribe of the Northern Cheyenne Reservation, and Chippewa-Cree Tribes of the Rocky Boy's Reservation. The new compacts resulted in an increase in the number of machines allowed and the payout limits.

The Gaming Advisory Council met five times during the reporting period. During those meetings, they discussed a number of topics, appointed subcommittees to provide recommendations on topics that required in-depth research, and reviewed all gambling-related administrative rule proposals. In addition, the Council heard discussions on and voted to support the following statutory change proposals:

- **Temporary Authority** –
 - Amend 23-5-115, MCA to allow Gambling Control Division to adopt rules and procedures for temporary operating authority.
- **Sports Tab Game Boards** –
 - Amend 23-5-501, MCA to allow for a sports tab game board to be used in conjunction with a series of sports events.
- **Social Card Games** –
 - Amend 23-5-112 and 23-5-306, MCA to clarify the definition of social card games.
- **Clarification of Authority**
 - Amend 23-5-113, MCA to clarify Gambling Investigation Bureau agents' authority with respect to Liquor and Tobacco administration, and to serve at the direction of the attorney general.
- **Calcutta Pool Application Fee** –
 - Amend 23-5-222, MCA to require a \$25 permit fee for Calcutta pool applications.

Table of Contents

Gambling in Montana.....	2
Brief History.....	2
Current Regulation	2
Public Policy	3
Organization and Activities of the Gambling Control Division.....	4
Operations Bureau	4
Investigations Bureau	6
Technical Services Section	6
Legal Services	7
Gambling Revenue and Permit Fees	8
FY 2013 GCD Distribution of Revenue.....	11
FY 2014 GCD Distribution of Revenue.....	11
Tribal Gaming Compacts	12
Status of Compact Negotiations	13
Gaming Advisory Council 2013-2014	15
Report to the Department of Justice and the 2015 Legislature.....	15
Council Members	15
Gaming Advisory Council Deliberations and Activities	16
Recommendations of the Gaming Advisory Council	20
APPENDIX Video Gambling Machine Activity by County and Municipality	21
Chart 1 Video Gambling by City Fiscal Year 2013.....	21
Chart 2 Video Gambling by City Fiscal Year 2014.....	21
Chart 3 Video Gambling by County Fiscal Year 2013.....	22
Chart 4 Video Gambling by County Fiscal Year 2014.....	23

Gambling in Montana

Brief History

Montana's 1889 Constitution made all forms of gambling illegal. However, illegal gambling always existed in some local jurisdictions. In the 1930s and 1940s, the legislature legalized certain limited forms of gambling. The 1949 Legislature and the attorney general declared a "law enforcement emergency" to crack down on illegal gambling. In 1950, the State Supreme Court ruled that slot machines and punchboards were illegal under the state Constitution.

In 1972, Montana voters approved a new Constitution that allowed the legislature to approve specific gambling activities. The 1973 Legislature legalized bingo, raffles, card games and sports pools. In 1976, the State Supreme Court ruled that video keno was a form of bingo, which marked the beginning of legal video gambling machines. The legislature added video poker to keno in 1985 and, in 1986, voters approved a state lottery. The legislature enacted a 15% tax on video gambling machines in 1987.

Prior to 1989, responsibility for regulating most forms of gambling in Montana rested with local governments. This decentralized system resulted in an inconsistent application of the law regarding gambling activities in the state. Some cities and counties vigorously controlled gambling within their boundaries while other jurisdictions took a more relaxed stance. A consistent approach to gambling regulation was nonexistent.

The 1989 Legislature centralized gambling regulation under the Department of Justice. Statutory duties assigned to the department included adopting administrative rules, licensing gambling providers and activities, collecting and distributing gambling taxes, testing and approving video gambling machines, and enforcing gambling laws.

Current Regulation

The Attorney General is responsible for the Department of Justice which includes the Gambling Control Division. The Gambling Control Division's jurisdiction extends to all forms of gambling except the Montana Lottery and horse racing.

The following gambling activities are regulated by the Division:

- video gambling machines that offer keno, poker, bingo, or line games
- live card games other than blackjack or other banked card games
- live bingo and live keno
- certain sports pool and sport tab games
- Calcutta pools and casino nights

- live fantasy sports leagues
- dice games including shake a day and shaking for music or drinks
- fishing derbies and betting on natural occurrences
- raffles

The Lottery Commission is administratively attached to the Department of Administration and the Board of Horse Racing is attached to the Department of Commerce.

Public Policy

The legislature has adopted the following public policy statement (MCA 23-5-110) with regard to gambling regulation in Montana:

“(1) The legislature finds that for the purpose of ensuring the proper gambling environment in this state it is necessary and desirable to adopt a public policy regarding public gambling activities in Montana. The legislature therefore declares it is necessary to:

(a) create and maintain a uniform regulatory climate that assures players, owners, tourists, citizens, and others that the gambling industry in this state is fair and is not influenced by corrupt persons, organizations, or practices;

(b) protect legal public gambling activities from unscrupulous players and vendors and detrimental influences;

(c) protect the public from unscrupulous proprietors and operators of gambling establishments, games, and devices;

(d) protect the state and local governments from those who would conduct illegal gambling activities that deprive those governments of their tax revenues;

(e) protect the health, safety, and welfare of all citizens of this state, including those who do not gamble, by regulating gambling activities; and

(f) promote programs necessary to provide assistance to those who are adversely affected by legalized gambling, including compulsive gamblers and their families.

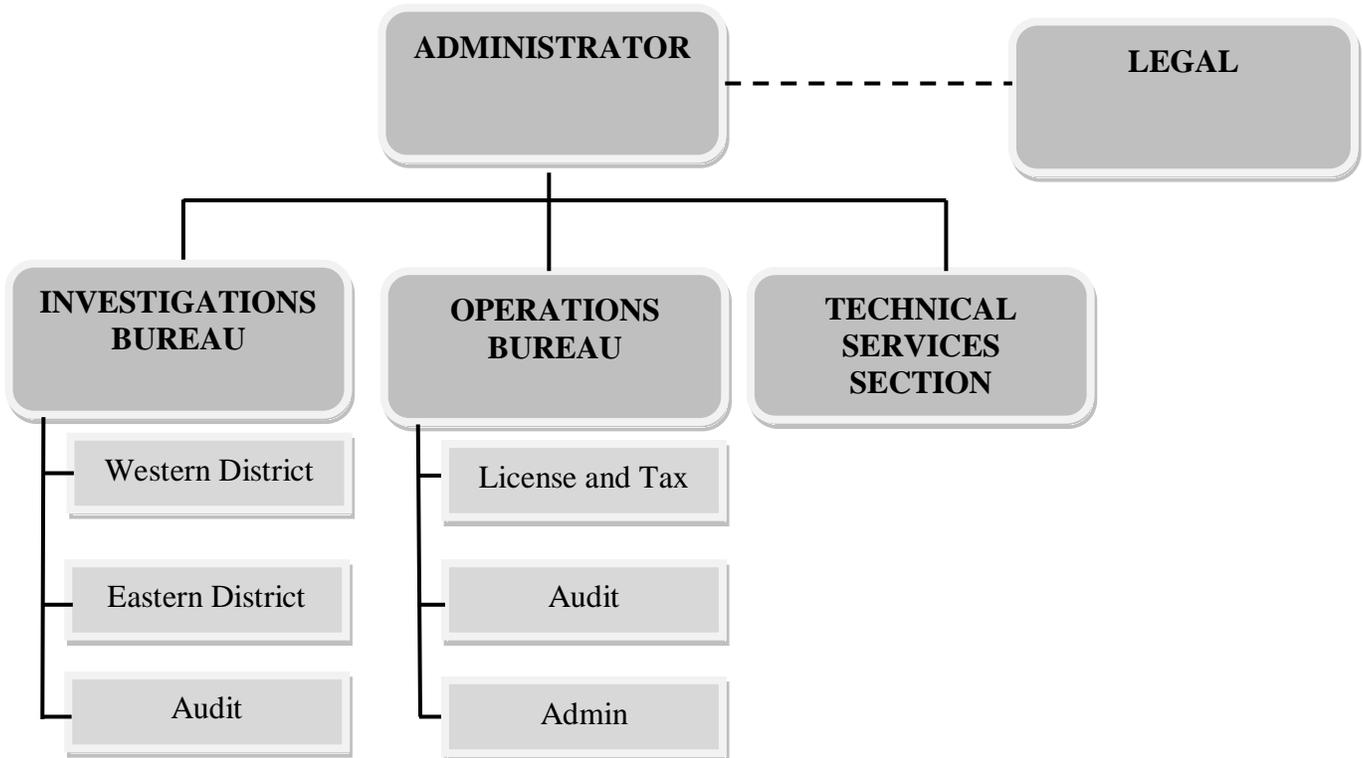
(2) The legislature adopts the policy that an applicant for a license or permit or other department approval under parts 1 through 8 of this chapter does not have a right to the issuance of a license or permit or the granting of the approval sought. The issuance of a license or permit issued or other department approval granted pursuant to the provisions of parts 1 through 8 of this chapter is a privilege revocable only for good cause. A holder does not acquire a vested right in the license or permit issued or other department approval granted. A license or permit issued under parts 1 through 8 of this chapter may not be sold, assigned, leased, or transferred.

(3) Revenue to fund the expense of administration and control of gambling as regulated by parts 1 through 8 of this chapter must be derived solely from fees, taxes, and penalties on gambling activities, except the gambling activities of the Montana state lottery and the parimutuel industry.”

Organization and Activities of the Gambling Control Division

Most of the Division's staff and resources are dedicated to regulating and taxing video gambling machines. The Division also is responsible for investigating applicants for liquor and gambling licenses and any related illegal activity. Liquor licenses account for half of the work of the licensing, audit, and investigation staff. The Division was authorized for 47 full-time equivalent staff for fiscal year 2014 and 2015. Because the Division has been monitoring its fund balance and was able to capitalize on efficiencies, the division gave up 3.5 FTE during the previous biennium.

The Division Administrator manages the Division's overall operations. In addition to management responsibility, the Administrator supports state negotiations related to tribal gaming compacts and the activities of the Gaming Advisory Council. The organizational structure of the Division is indicated below:



Operations Bureau

The Operations Bureau provides budget preparation and management services for the division and compiles gambling statistics reports that are published by the division. In addition, the bureau includes the License and Tax Section, and the Audit Section.

The License and Tax Section provides the following services:

- processes and issues gambling licenses and permits, including video gambling machine permits
- collects and distributes license and permit fees
- maintains all license records
- collects gambling taxes, fines and penalties
- processes machine service forms and tracks machine movement in the state

The Gambling Control Division processes both liquor and gambling (new and amended) license applications. The Department of Revenue is responsible for approving and issuing liquor licenses. The License and Tax Section is the first point of contact for all license applications. Overall, the division received 6% fewer license applications over the last two fiscal years as compared to the previous two fiscal years.



The Audit Section is split between the Operations Bureau and the Investigations Bureau, but its functions are the same. With auditors in Billings, Great Falls, Helena and Missoula, the Audit Section provides the following services:

- assists in licensing applicants by conducting financial background reviews
- conducts full financial reviews
- conducts field tax audits
- provides support to the Investigations Bureau in interpreting and analyzing financial documents related to suspected illegal gambling activities

Investigations Bureau

The Gambling Investigations Bureau consists of eight regional field offices, which are organized into two Districts, each managed by a District supervisor. Field offices are located in Billings, Butte, Bozeman, Glasgow, Glendive, Great Falls, Kalispell and Missoula.

The responsibilities of the Investigations Bureau include:

- investigating illegal gambling activity
- investigating video gambling machine tampering, theft, and burglary
- conducting background checks of applicants for a gambling or liquor license
- investigating any violations of laws related to tobacco taxes or the types of tobacco that can be sold
- conducting routine inspections of licensed establishments
- processing applications for temporary card dealer licenses
- inspecting newly constructed or remodeled establishments that sell liquor or allow gambling
- evaluating variations of legal gambling activities submitted for approval
- providing local law enforcement training

The number of gambling and liquor licensing cases completed by the Investigations Bureau remained steady at 786 in fiscal year 2013 and 803 in fiscal year 2014.

Technical Services Section

Technical Services Section personnel are based in Helena with the exception of one machine inspector assigned to Billings and another assigned to Missoula. The Technical Services Section serves as the primary technical resource for approving and testing video gambling machines.

Major responsibilities of the Technical Services Section include:

- testing video gambling software and hardware to be licensed for sale
- providing interpretations of state law and rules to video gambling machine software designers
- testing automated accounting systems
- providing random testing of video gambling machines to ensure that software and hardware are functioning as tested
- tracking the movement of illegal machines in and out of the state

Video gambling machine manufacturers are submitting an increasing number of new games for approval. This increase and changes in technology that allow more complex video gambling machines, have substantially increased the workload for the testing laboratory. The laboratory is primarily supported by testing fees that are paid by the video gambling machine manufacturers.

Legal Services

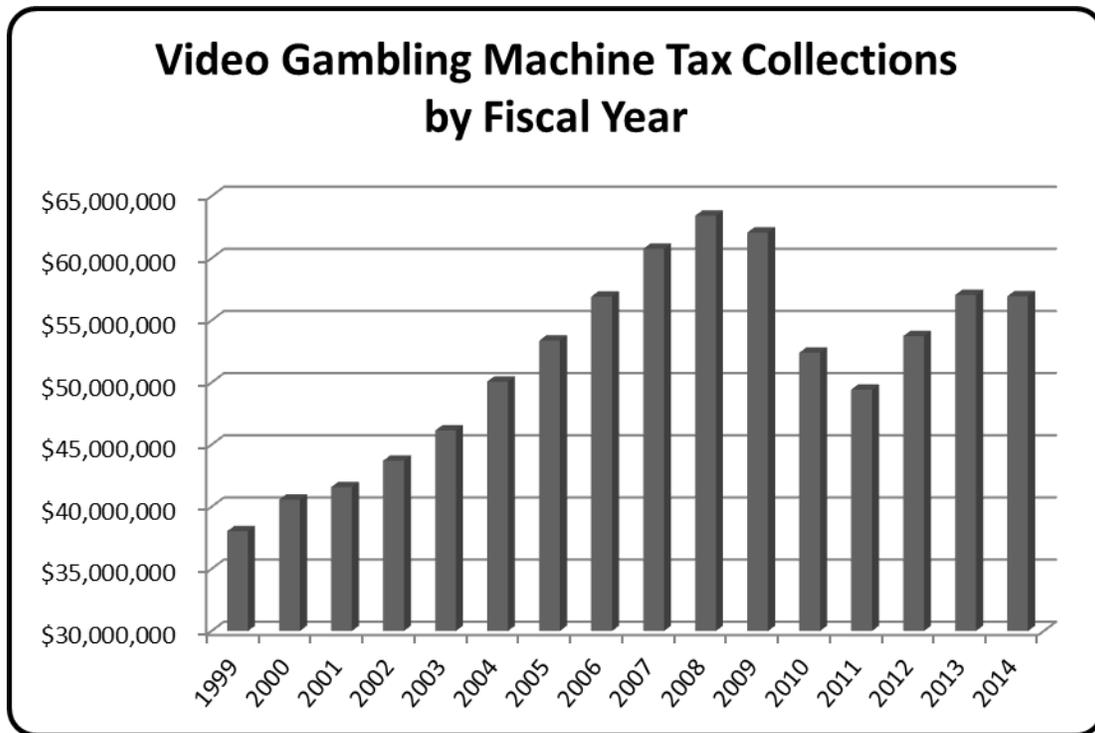
One attorney is assigned to the Gambling Control Division but is administratively attached to the Office of the Attorney General. A division legal secretary provides clerical assistance. The attorney's focus is primarily on administrative action against licensees who violate Montana's gambling laws and rules, and on representing the Division in administrative proceedings. In addition, the division attorney may assist local county attorneys with gambling-related cases that fall within local jurisdictions. If county attorneys decline prosecution of a criminal case, the division attorney may prosecute the case.

Gambling Revenue and Permit Fees

Video Gambling Machine Gross Income Tax – The Video Gambling Machine Gross Income Tax is the most significant source of gambling revenue, and all of the tax is distributed to the state general fund. This 15% tax is applied to the income from line game, keno, and poker video gambling machines. Gross machine income is the total receipts from a machine, less the machine’s cash payouts. For example, if during a day \$100 is inserted and played on a video gambling machine and \$60 is cashed out, the gross income for the day would be \$40. The tax would be 15% of that \$40, or \$6.

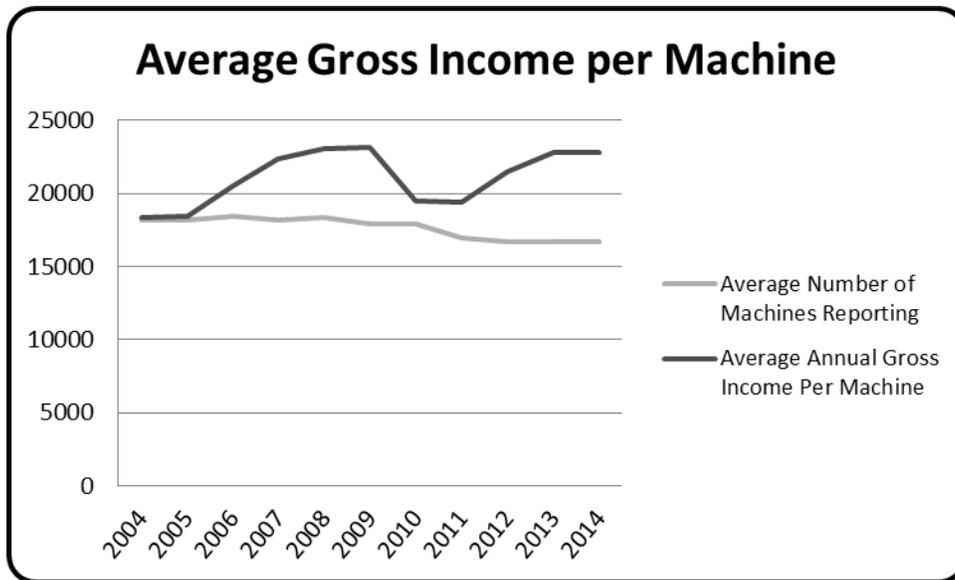
In fiscal year 2013, the Video Machine Gross Income Tax generated \$57.05 million for the state general fund which represented a 6.17% increase as compared to the amount collected in fiscal year 2012. The tax stabilized after two years of significant increases and reached \$56.94 million in fiscal year 2014 a 0.2% decrease compared to fiscal year 2013.

The following chart indicates the video gambling machine tax collection trend since 1999:



Average gross income for video gambling machines per fiscal year is indicated in the following chart:

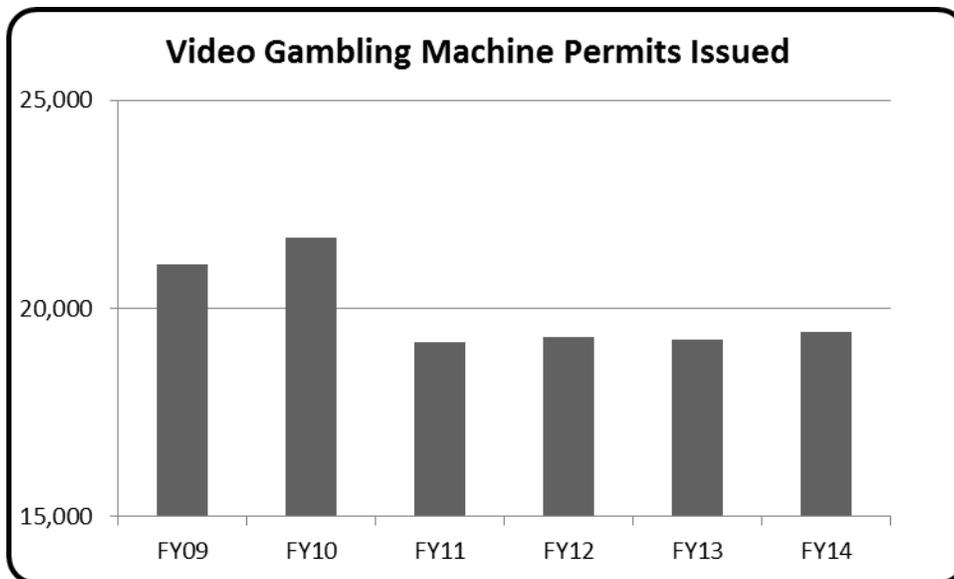
Fiscal Year	Average Number of Machines Reporting	Total Annual Gross Income	Average Annual Gross Income Per Machine
2004	18,192	\$333,827,800	\$18,350
2005	18,176	\$334,495,456	\$18,403
2006	18,420	\$378,827,999	\$20,566
2007	18,130	\$405,072,813	\$22,343
2008	18,350	\$422,829,120	\$23,042
2009	17,898	\$413,771,093	\$23,118
2010	17,892	\$349,259,553	\$19,520
2011	16,958	\$329,559,473	\$19,434
2012	16,649	\$358,218,613	\$21,516
2013	16,695	\$380,329,860	\$22,781
2014	16,684	\$379,607,573	\$22,753



Other Gambling Taxes – In addition to the Video Machine Gross Income Tax, the Division collects taxes on live keno, live bingo, and sports tabs. Live bingo and live keno are taxed at the rate of 1% of gross proceeds and all of the tax collected is distributed to local government. Total collections are generally around \$10,000 per year.

Sports tab cards are taxed at a flat rate of \$1 per card and the Division retains all of the tax. Historically, this has been a regionally located activity and generally produces collections of less than \$5,000 annually.

Permit Fees – The Gambling Control Division also collects a number of permit fees related to licensing gambling activities. The most significant permit fee is the \$240 per year basic fee for each video gambling machine. The fee is split to provide \$100 to local government where the machine is located and \$140 to the Gambling State Special Revenue Fund. If a video gambling machine is permitted after the first quarter of the fiscal year, the fee is prorated by quarter.



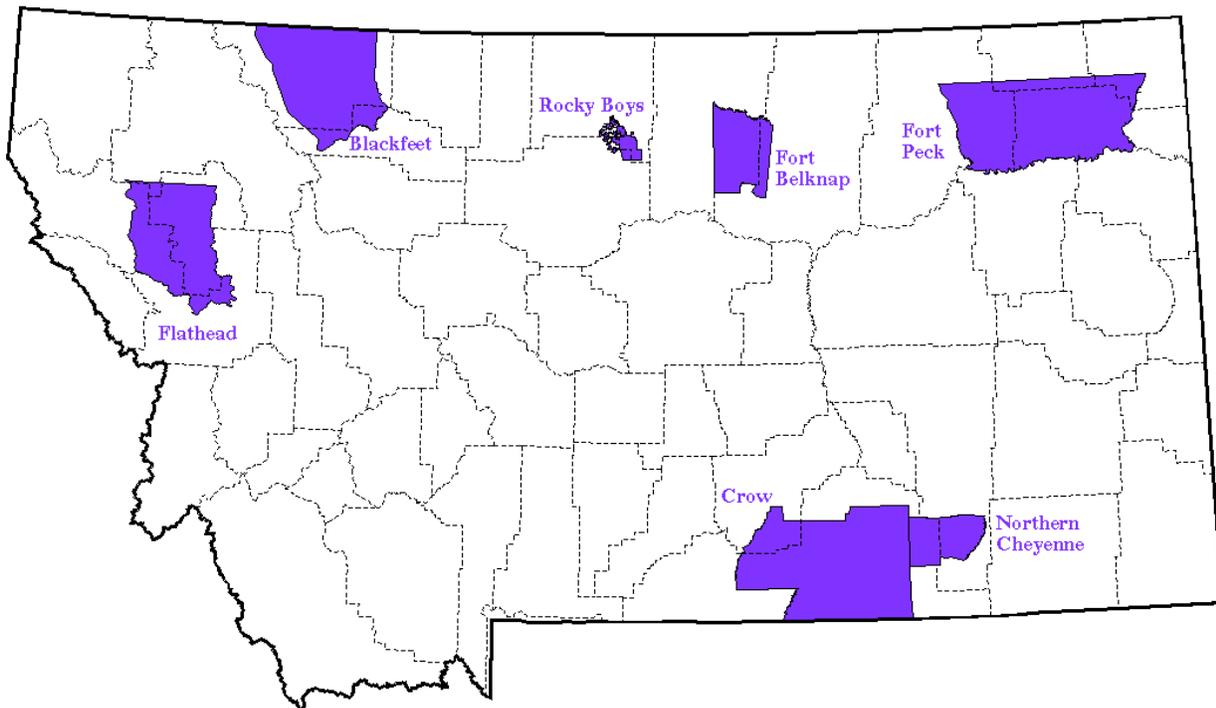
The number of video gambling machine permits issued has been very steady for the last four years, hovering around 19,000 permits issued during each fiscal year.

The following table sets out the distribution of gambling revenue and fees to state and local governments for fiscal years 2013 and 2014:

FY 2013 GCD Distribution of Revenue				
Revenue Source	Total Collected	<i>Distribution of Funds</i>		
		Local Govt.	GCD	General Fund
Antique Slot Machine Dealer	\$ -		\$ -	
Bingo & Keno Permit Fees	\$ 16,615		\$ 16,615	
Card Dealer License Fees	\$ 15,835		\$ 15,835	
Card Room Contractor Fees	\$ 7,500		\$ 7,500	
Card Table Permit Fees	\$ 79,230	\$ 51,900	\$ 27,330	
Card Tournament Fees	\$ 2,360		\$ 2,360	
Casino Night Permit Fees	\$ 1,010		\$ 1,010	
Fines/Penalties	\$ 82,009			\$ 82,009
Lab Test Fees	\$ 244,693		\$ 244,693	
Live Bingo & Keno Tax	\$ 10,318	\$ 10,318		
Manufacturer/Route Operator License Fees	\$ 93,236		\$ 93,236	
Operator License Fees	\$ 71,548		\$ 71,548	
Sports Tab Tax	\$ 5,039		\$ 5,039	
VGM Gross Income Tax	\$ 57,049,479			\$57,049,479
VGM Permit Fees	\$ 3,923,590	\$1,782,666	\$2,140,924	
Totals	\$ 61,602,462	\$1,844,884	\$2,626,090	\$57,131,488
Percent of Total	100.00%	2.99%	4.26%	92.74%

FY 2014 GCD Distribution of Revenue				
Revenue Source	Total Collected	<i>Distribution of Funds</i>		
		Local Govt.	GCD	General Fund
Antique Slot Machine Dealer	\$ -		\$ -	
Bingo & Keno Permit Fees	\$ 17,135		\$ 17,135	
Card Dealer License Fees	\$ 13,445		\$ 13,445	
Card Room Contractor Fees	\$ 8,427		\$ 8,427	
Card Table Permit Fees	\$ 76,973	\$ 50,300	\$ 26,673	
Card Tournament Fees	\$ 13,750		\$ 13,750	
Casino Night Permit Fees	\$ 915		\$ 915	
Fines/Penalties	\$ 66,842			\$ 66,842
Lab Test Fees	\$ 299,544		\$ 299,544	
Live Bingo & Keno Tax	\$ 8,735	\$ 8,735		
Manufacturer License Fees	\$ 86,415		\$ 86,415	
Operator License Fees	\$ 91,837		\$ 91,837	
Sports Tab Tax	\$ 3,019		\$ 3,019	
VGM Gross Income Tax	\$ 56,940,050			\$56,940,050
VGM Permit Fees	\$ 4,207,080	\$1,752,950	\$2,454,130	
Totals	\$ 61,834,167	\$1,811,985	\$3,015,290	\$57,006,892
Percent of Total	100.00%	2.93%	4.88%	92.19%

Tribal Gaming Compacts



The Indian Gaming Regulatory Act (IGRA) enacted by Congress in 1988 directs the State, upon the request of a tribe, to enter into negotiations for the conduct of class III gaming on Indian Reservations. Class III gaming, as defined under IGRA, includes video gambling machines and other casino-style games. No class III gaming, by tribal members or nonmembers, can be conducted on the reservation unless a compact is in place.

A team of representatives from the Governor's Office negotiates state-tribal compacts for the State on behalf of the Governor.

In existing tribal compacts, the State has negotiated the same types of games that are legal in Montana. With regard to conditions of play, the State has agreed to various payouts of up \$5,000 for a limited number of tribally owned video gambling machines. The State has also agreed to allow a total number of video gambling machines on the reservation rather than limiting tribes to a specific number of machines to be placed in each tribal premise. State-licensed (e.g. non-tribal) facilities are limited to payouts of \$800 and may have no more than 20 video gambling machines.

In recent years, most tribes have introduced class II video gambling machines. The class II machines resemble class III video gambling machines but are not subject to a state

compact because they are considered electronic aids to the play of bingo. The class II video gambling machines can be operated without a state-tribal gaming compact.

Status of Compact Negotiations

Blackfeet Tribe of the Blackfeet Reservation – A compact with the Blackfeet Tribe was terminated in 1997 after being in place for only a brief period of time. Negotiations with the Blackfeet Tribe began in June 2005 and another negotiation session was conducted in 2008, but did not result in a new gaming compact. Currently, the Blackfeet Nation operates the Glacier Peaks Casino, which offers class II gambling, in Browning.

Crow Tribe of the Crow Reservation – On February 7, 2014, the US Department of Interior published its approval of the 8th Amendment to the gaming compact with the Crow Tribe. The compact was originally entered into in 1998, and was scheduled to expire in 2003. A series of amendments continued the agreement, and now this 8th Amendment to the compact extends the agreement for another 15 years, or until a new compact is signed, whichever occurs first. The Amendment calls for the parties to begin negotiations toward a new compact upon its approval by the Secretary of Interior.

Under the terms of the 8th Amendment to the compact, the number of Class III video gambling machines the Tribe may offer was increased from 400 to 925. Of those Class III video gambling machines, up to 1/3 may be categorized as “high stakes,” with wagers up to \$50 per play, and prizes up to \$5,000 per wager. The remaining two-thirds of the Class III video gambling machines are categorized as “regular stakes,” with wagers up to \$10 per play, and prizes up to \$3,000 per wager.

Salish & Kootenai Tribes of the Flathead Reservation – The State and the Tribes entered into a five-year compact in 2001 which expired on November 30, 2006. The Tribes and the state negotiating team entered into negotiations in March 2006. Negotiations did not result in a new compact or an extension of the existing compact. On November 30, 2006, video gambling machine permits for 37 state-licensed gambling locations were canceled and all video gambling machines were removed from the reservation. The Tribes now operate the Kwa Taq Nuk and Gray Wolf Peaks casinos that offer class II video gambling machines and card games. There have been no negotiations since 2006.

Gross Ventre & Assiniboine Tribes of the Fort Belknap Reservation – The State and the Fort Belknap Indian Community Council signed a state-tribal gaming compact in August 2007. This is the first gaming compact signed between the Tribes and the State

since IGRA was signed into law in 1988. Under the agreement, the Tribes may have up to 400 Class III video gambling machines with a maximum wager of \$5 and maximum payout of \$2,000.

Assiniboine & Sioux Tribes of the Fort Peck Reservation – In December 2012, the State and the Assiniboine and Sioux Nations of Fort Peck signed a new Class III gaming compact, which was approved by the U.S. Department of Interior on December 20, 2012. In addition to other forms of gambling that are legal in Montana, the 2012 compact allows up to a total of 750 Class III machines to be operated within the Reservation, which includes maximum wagers of \$10 and maximum payouts of \$2,500 for “regular stakes” machines. The compact also provides that up to 20% of the Class III machines on any premises may be “high stakes” which may have a maximum wager of \$50 and a maximum payout of \$5,000.

Northern Cheyenne Tribe of the Northern Cheyenne Reservation – In January 2013, the Northern Cheyenne Tribe and the State of Montana signed a new Class III gaming compact, which was approved by the U.S. Department of Interior on March 8, 2013. In addition to other forms of gambling that are legal in Montana, the 2013 compact allows to be operated within the Reservation up to 750 Class III machines at tribal casinos located within the Reservation and on the Tongue River Reservoir Trust Lands. The compact provides for maximum payouts of \$3,000.

Chippewa-Cree Tribes of the Rocky Boy’s Reservation – In December 2012, the State and the Chippewa Cree Nation signed a new Class III Tribal-State Gaming Compact, which was approved by the U.S. Department of Interior on February 4, 2013. In addition to other forms of gambling that are legal in Montana, the 2012 compact allows to be operated within the Reservation up to 750 Class III machines, with maximum wagers of up to \$10. The compact provides for maximum payouts of \$3,000 in up to 500 machines, and maximum payouts of \$5,000 in up to 250 machines.



2013 - 2014 Gaming Advisory Council Report to the Department of Justice and the 2015 Legislature

Council Members:

NAME	REPRESENTING	LOCATION
Tim Carson (Vice-Chair)	Gaming Industry	Billings
Jed Fitch	Local Government	Dillon
Mike Kenneally	Gaming Industry	Butte
Mark Kennedy (Chair)	Public at Large	Billings
Bob McAnally	Native Americans	Poplar
Steve Morris	Gaming Industry	Helena
Kevin Myhre	Local Government	Lewistown
Rep. Casey Schreiner	Legislature (House)	Great Falls
Sen. Jon Sonju	Legislature (Senate)	Kalispell

The Gaming Advisory Council is authorized by statute (2-15-2021, MCA).

The statutory duties assigned to the Gaming Advisory Council (GAC) are:

- to hold meetings and incur necessary expenses to study all aspects of gambling in Montana
- to review and comment on administrative rules proposed by the Department
- to submit a biennial report to the Department of Justice and the Legislature with recommendations regarding the state's gambling laws and the Department's administrative rules and operations

The GAC has nine members: one member each from the Senate and House of Representatives, one public member, two local government representatives, one Native American representative and three gaming industry representatives. The President of the Senate and the Speaker of the House appoint the legislators to the Council, while the Attorney General selects the remaining members. Each member serves a three-year term.

In 2013, the leadership of the House of Representatives appointed Representative Casey Schreiner and the leadership of the Senate appointed Senator Jon Sonju both to two-year terms.

Other appointments to the Council include:

- Tim Carson, Mark Kennedy, Bob McAnally, and Kevin Myhre were appointed to serve until January 2016.
- Steve Morris, Jed Fitch, and Mike Kenneally were appointed to serve terms until January 2017.

Gaming Advisory Council Deliberations and Activities

This section provides a brief summary of each of the meetings that took place in the interim between the 2013 and 2015 legislative sessions. The minutes of all Gaming Advisory Council Meetings are available on the Justice Department website at <https://dojmt.gov/gaming/gaming-advisory-council/>.

June 28, 2013 – The first meeting following the legislative session was held in Helena. The Council reviewed the liquor and gambling legislation that the 2013 Legislature acted upon. The Council discussed the proposed rule changes to implement the new legislation regarding large-stakes and small-stakes card tournaments, sports pool bet and payout limit increases, and poker pot limit increase along with a few miscellaneous rules proposed for clarification/clean up. A motion was made to approve the proposed rules as presented with the exception of leaving the retention period for sports pool cards at 30 days instead of the proposed one-year retention period. The motion passed unanimously.

It was determined that the Sports Pool Subcommittee would be retained to continue their work and Representative Schreiner was named Chairman.

It was announced that Joe Bryce, Eastern District Supervisor, was appointed to be the Montana member of the Poker Tournament Director's Association.

Issues identified as future topics of discussion included:

- Sports-related wagering: pools and Calcutta's
- Amusement games
- Promotional games
- Special revenue used fund the agency
- Temporary Authority for gambling operator licenses

October 25, 2013 – The Council met in Bozeman to further discuss the issues brought up during the June meeting.

Administrator Ask highlighted the recent division activity which included a description of two projects they are working on:

- Online license application process (with Liquor Control) on Taxpayer Access Point (TAP), and
- Developing requirements and testing the first Tier 1 system (automated video gambling machine meter reporting system).

The Sports Pool Subcommittee reported that they were considering amending the definition of “multiple competitor sports pool board” to allow multiple teams. The subcommittee is also considering amendments for sports tab games and the Gaming Industry Association’s (GIA) suggested changes to the “selected point sports pool board”.

There were brief discussions regarding temporary authority for gambling operator licenses, promotional games (specifically “pick-the-winners”), Gambling Control Division funding, and sports pool and tab board accounting processes but no action was taken by the Council.

January 10, 2014 – This Council meeting was held in Helena and was the last meeting for long-time member John Tooke. Tooke was recognized for his many years of service to the Council and Mike Kenneally, appointed to take Tooke’s position on the Council, was introduced.

There was a discussion of “Pick-the-Winners” promotional activity and the concerns a few media groups have raised with the division. The issues center on Internet usage and limitations on the prizes. A Promotional Games of Chance Subcommittee was appointed to further discuss this issue along with the whole Promotional Games of Chance administrative rule.

During a review of the draft administrative rules, a concern with the \$25 maximum entry fee on sports pool boards was brought up. While there was good discussion, there was no resolution. A request was made by the Council to keep it on the agenda for future meetings.

The division engaged the Council in a discussion about Calcutta permit fees. Currently there are no fees required for this permit but there is a considerable amount of staff time

spent reviewing and approving these applications. The division suggests including a \$25 Calcutta application fee in the DOJ/GAC bill which, if passed, would help offset the costs associated with processing these permits.

May 2, 2014 – The last meeting of fiscal year 2014 was held in Helena. The division provided a demonstration of the Taxpayer Access Point portal functionality developed for gambling operator (and alcoholic beverage) online license applications and license renewals.

Administrator Ask announced that the request to add temporary authority to the gambling code had been endorsed by the Council and the Attorney General’s office, so a short amendment to the statute would be included in the DOJ/GAC bill. If passed, the division will work with the Liquor Control Division to draft administrative rules.

The Council heard a presentation from the Department of Revenue regarding unclaimed sports pool or sports tab game pots. It was explained that after five years, unclaimed pots have to be turned over to the state as unclaimed property.

The Council also heard a presentation by a fundraising organization for St. Jude Children’s Hospital. The focus of the presentation was to elicit support for legislation that would allow nonprofits to accept credit card payments for their raffle tickets.

The division reviewed draft administrative rules with the Council. The Council supported all proposed rules, but voted (5 in favor, 2 opposed) to postpone the proposed rule amendments on 23.16.201 and 23.16.1926.

There was a discussion on management agreements and the current definition of manager. It was suggested that the division review the definition of manager and be more specific. It was determined that the topic would remain open.

September 26, 2014 – The last meeting during the reporting period took place in Missoula. The Council heard various updates from the division on statistics, projects, and activities. Administrator Ask reviewed the proposed statute amendments. The Council voted in favor of including all proposed amendments into the DOJ/GAC bill in the upcoming legislative session (see “Recommendations of the Gaming Advisory Council” for a description of proposed amendments).

The Council heard a report from the Promotional Games of Chance Subcommittee. The division proposed to amend the “pick-the-winners” promotional game section to no

longer limit non-gambling/liquor businesses to the \$100 prize maximum. In addition, the subcommittee recommended increasing the \$100 limit gambling/liquor operators currently have to \$800. A motion was made and passed unanimously to amend the proposal by leaving the limit at \$100 for gambling/liquor operators. The amended recommendation of the subcommittee was supported by the Council.

The \$25.00 bet limit on sports pool/sports tab boards was on the agenda again this meeting. Administrator Ask indicated that he discussed the issue with the Attorney General and that AG Fox does not want to remove the \$25 sports pool bet limit.

Investigations Bureau Chief, Dave Jeseritz, stated that the Division wants to help the gambling industry with prevention and safety. Because data on theft/robbery incidents that occur at licensed gambling locations is currently not tracked statewide, the division would like to be notified of incidents to assist and educate licensees about preventing potential problems. The method of reporting that information to the division is still under discussion.

At the request of the Council, the Division analyzed its definition of manager and requirements for managers to be disclosed by applicants or licensees. Through that analysis, the division determined that further evaluation was needed. A working group consisting of the Division, Industry representatives, and the Liquor Control Division was appointed to continue these discussions and prepare a proposal for the next meeting.

Recommendations of the Gaming Advisory Council

Statutory changes recommended by the Gaming Advisory Council are set out below:

- **Temporary Authority –**
 - Amend 23-5-115, MCA to allow Gambling Control Division to adopt rules and procedures for temporary operating authority.
 - Temporary operating authority would allow an applicant to operate under a gambling license before the application process is complete under certain circumstances.
- **Sports Tab Game Boards –**
 - Amend 23-5-501, MCA to allow for a sports tab game board to be used in conjunction with a series of sports events.
 - This is currently allowed for sports pool boards, so passage of this amendment will create consistency between the two types of sports boards.
- **Social Card Games –**
 - Amend 23-5-112 and 23-5-306, MCA to clarify the definition of social card games.
- **Clarification of Authority**
 - Amend 23-5-113, MCA to clarify Gambling Investigation Bureau agents' authority with respect to Liquor and Tobacco administration, and to serve at the direction of the attorney general.
 - There will be no change in practice or procedure by the passage of this amendment. It is proposed for clarification only.
- **Calcutta Pool Application Fee –**
 - Amend 23-5-222, MCA to require a \$25 permit fee for Calcutta pool applications.

APPENDIX

Fiscal Year 2013 Video Gambling by City					
CITY	Number of Video Gambling Machines	Estimated Population (7/1/2013)	Average persons per VGM	Number of Gambling Locations	Video Gambling Tax Collected
Belgrade	203	7,620	38	14	\$776,904
Billings	2,586	109,059	42	132	\$10,135,946
Bozeman	502	39,860	79	39	\$1,776,474
Columbia Falls	208	4,796	23	11	\$637,771
Deer Lodge	158	3,088	20	9	\$320,004
Dillon	140	4,219	30	14	\$347,535
Glendive	213	5,363	25	12	\$592,303
Great Falls	1,675	59,351	35	99	\$5,170,840
Hamilton	274	4,556	17	16	\$796,361
Havre	379	9,771	26	25	\$956,454
Helena	741	29,596	40	46	\$3,111,373
Kalispell	611	20,972	34	32	\$2,544,148
Laurel	205	7,036	34	11	\$792,154
Lewistown	200	5,902	30	16	\$534,767
Livingston	190	7,136	38	16	\$595,673
Miles City	358	8,646	24	25	\$1,000,037
Missoula	1,180	69,122	59	77	\$4,396,206
Sidney	228	6,253	27	16	\$1,442,152
Whitefish	165	6,649	40	11	\$514,497

Fiscal Year 2014 Video Gambling by City					
CITY	Number of Video Gambling Machines	Estimated Population (7/1/2013)	Average persons per VGM	Number of Gambling Locations	Video Gambling Tax Collected
Belgrade	217	7,620	35	14	\$778,270
Billings	2,574	109,059	42	128	\$10,104,437
Bozeman	441	39,860	90	36	\$1,851,650
Columbia Falls	196	4,796	24	11	\$653,088
Deer Lodge	129	3,088	24	10	\$340,506
Dillon	141	4,219	30	15	\$335,380
Glendive	190	5,363	28	12	\$641,009
Great Falls	1,604	59,351	37	96	\$5,311,237
Hamilton	276	4,556	17	16	\$784,440
Havre	373	9,771	26	25	\$910,110
Helena	780	29,596	38	46	\$3,091,257
Kalispell	643	20,972	33	34	\$2,597,477
Laurel	205	7,036	34	11	\$746,106
Lewistown	175	5,902	34	15	\$514,326
Livingston	186	7,136	38	17	\$612,614
Miles City	301	8,646	29	26	\$1,022,096
Missoula	1,210	69,122	57	77	\$4,306,890
Sidney	205	6,253	31	15	\$1,417,548
Whitefish	173	6,649	38	12	\$520,023

Fiscal Year 2013 Video Gambling by County			
COUNTY	Number of Video Gambling Machines	Number of Gambling Locations	Video Gambling Tax Collected
BEAVERHEAD	170	22	\$375,472
BIG HORN	182	11	\$482,287
BLAINE	99	11	\$179,001
BROADWATER	139	11	\$387,867
CARBON	234	22	\$522,649
CARTER	10	2	\$14,875
CASCADE	2,055	134	\$5,886,595
CHOUTEAU	75	13	\$109,685
CUSTER	382	28	\$1,031,321
DANIELS	64	8	\$66,012
DAWSON	254	17	\$801,412
DEER LODGE	339	31	\$692,287
FALLON	89	8	\$253,213
FERGUS	237	26	\$580,566
FLATHEAD	1,466	93	\$4,635,847
GALLATIN	950	86	\$2,982,935
GARFIELD	14	2	\$30,870
GLACIER	180	11	\$483,421
GOLDEN VALLEY	16	4	\$30,975
GRANITE	46	6	\$69,072
HILL	467	34	\$1,157,641
JEFFERSON	170	17	\$373,820
JUDITH BASIN	25	5	\$40,268
LAKE	26	5	\$23,842
LEWIS AND CLARK	1,095	81	\$4,057,646
LIBERTY	24	4	\$23,565
LINCOLN	623	41	\$1,168,735
MADISON	111	18	\$170,639
MCCONE	49	6	\$50,210
MEAGHER	62	9	\$102,066
MINERAL	215	15	\$335,824
MISSOULA	1,603	115	\$5,505,631
MUSSELSHELL	89	7	\$203,766
PARK	311	30	\$816,773
PETROLEUM	5	2	\$3,578
PHILLIPS	123	16	\$239,298
PONDERA	81	12	\$226,861
POWDER RIVER	60	5	\$112,456
POWELL	178	13	\$336,331
PRAIRIE	31	4	\$19,802
RAVALLI	523	40	\$1,385,615
RICHLAND	327	23	\$1,983,510
ROOSEVELT	337	20	\$1,704,704
ROSEBUD	202	21	\$433,167
SANDERS	220	17	\$384,664
SHERIDAN	192	14	\$482,164
SILVER BOW	1,177	93	\$3,170,928
STILLWATER	176	16	\$426,832
SWEET GRASS	66	7	\$136,535
TETON	99	13	\$146,280
TOOLE	170	19	\$391,841
TREASURE	7	2	\$6,533
VALLEY	166	20	\$378,775
WHEATLAND	59	8	\$119,811
WIBAUX	40	3	\$149,267
YELLOWSTONE	2,979	162	\$11,352,744
GRAND TOTAL	19,089	1,463	57,238,484

Fiscal Year 2014 Video Gambling by County			
COUNTY	Number of Video Gambling Machines	Number of Gambling Locations	Video Gambling Tax Collected
BEAVERHEAD	170	23	\$362,405
BIG HORN	157	10	\$458,298
BLAINE	106	11	\$178,935
BROADWATER	133	10	\$374,226
CARBON	248	24	\$490,785
CARTER	10	2	\$10,250
CASCADE	1,987	134	\$6,016,152
CHOUTEAU	67	12	\$105,906
CUSTER	331	30	\$1,039,547
DANIELS	58	8	\$62,328
DAWSON	231	17	\$858,193
DEER LODGE	307	31	\$642,322
FALLON	85	9	\$236,098
FERGUS	207	25	\$562,967
FLATHEAD	1,541	98	\$4,800,901
GALLATIN	911	84	\$3,092,578
GARFIELD	13	2	\$32,834
GLACIER	160	11	\$423,054
GOLDEN VALLEY	17	4	\$32,148
GRANITE	46	7	\$53,927
HILL	458	33	\$1,071,940
JEFFERSON	145	16	\$387,302
JUDITH BASIN	36	7	\$47,147
LAKE	33	6	\$17,337
LEWIS AND CLARK	1,142	83	\$4,066,811
LIBERTY	23	4	\$21,611
LINCOLN	562	40	\$1,175,284
MADISON	133	18	\$176,707
MCCONE	53	7	\$57,233
MEAGHER	56	9	\$101,266
MINERAL	237	16	\$325,726
MISSOULA	1,636	114	\$5,432,247
MUSSELSHELL	113	10	\$208,457
PARK	312	33	\$824,917
PETROLEUM	6	2	\$5,029
PHILLIPS	112	15	\$244,034
PONDERA	82	13	\$200,528
POWDER RIVER	50	4	\$115,796
POWELL	146	14	\$358,814
PRAIRIE	16	3	\$23,044
RAVALLI	522	39	\$1,379,169
RICHLAND	348	24	\$1,993,555
ROOSEVELT	382	22	\$1,628,756
ROSEBUD	175	18	\$428,013
SANDERS	225	19	\$433,145
SHERIDAN	189	15	\$511,125
SILVER BOW	1,122	90	\$3,112,703
STILLWATER	183	16	\$435,172
SWEET GRASS	58	6	\$136,940
TETON	90	13	\$137,852
TOOLE	159	19	\$371,369
TREASURE	5	1	**
VALLEY	163	20	\$404,061
WHEATLAND	58	9	\$110,178
WIBAUX	35	3	\$136,325
YELLOWSTONE	2,974	159	\$11,187,304
GRAND TOTAL	18,824	1,472	57,100,751

**Confidential tax information (only one licensed gambling location in this county)