

**MINUTES  
GAMING ADVISORY COUNCIL**

*September 26, 2014  
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**

Kevin Myhre  
Rep. Casey Schreiner  
Mike Kenneally  
Bob McAnally

Jed Fitch  
Mark Kennedy (Chairman)  
Steve Morris

**DIVISION STAFF PRESENT**

Rick Ask

Dave Jeseritz

Angela Nunn

**SUMMARY OF COUNCIL ACTION**

- ◆ **The Council voted unanimously to approve the minutes of the May 2, 2014 meeting.**
- ♥ **The Council voted to approve all of the proposed statute amendments.**
- ♣ **The Council voted unanimously to not increase the \$100 limit on promotional games of chance for gambling operators.**
- ♠ **The Council tentatively set the next meeting for May 15, 2015 in Helena.**

**CALL TO ORDER AND ROLL CALL**

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except for Senator Sonju and Tim Carson who were excused. Rep. Schreiner was on the phone. The minutes from the May 2, 2014 meeting were approved unanimously. Mr. Ask introduced Mike Milburn, Deputy Chief of Staff, Department of Justice, who works with Scott Darkenwald; Dave Jeseritz, Angela Nunn, Gambling Control Division; and Shauna Helfert and Steve Swanson, Liquor Control Division, Department of Revenue.

**GAMBLING CONTROL DIVISION UPDATE**

**Statistics**

Ms. Nunn gave a brief overview of statistics for fourth quarter (FY2014). She explained that video gambling machine tax collections for the fourth quarter (FY2014) were approximately \$14.7 million, a 3% increase from the previous quarter, and 2% increase compared to collections

in the fourth quarter fiscal year of 2013. For fiscal year 2014, video gambling machine collections were 0.19% less than fiscal year 2013. The Division received 77 liquor and gambling license applications in the fourth quarter FY14, 12 more (an 18% increase) than the number of applications received during fourth quarter FY13, and 7% more than the number of applications received in the last quarter. About 1,600 gambling operator licenses have been issued during fiscal year 2014. Fourth quarter of FY14, 979 VGM permits were issued, about 29% more than fourth quarter of FY13. Live keno and bingo permit numbers are comparable to this time last year with 95 issued through fourth quarter FY14, 2% more than last year. Ms. Nunn explained that 38 casino night permits were issued in fiscal year 2013; 37 casino night permits were issued for fiscal year 2014, a 3% decrease. In FY13, 124 Calcutta permits were issued; 159 Calcutta permits were issued for fiscal year 2014, a 28% increase from 2013. Ms. Nunn stated that in fiscal year 2014, 15 small-stakes tournament permits were issued and 185 large-stakes tournament permits were issued to 47 gambling operators. She said that card dealer licenses (423) have decreased 11% and card table permits (262) have decreased 5% compared to fiscal year 2013.

### **TAP Project Update**

Ms. Nunn discussed the Taxpayer Access Point (TAP), which is the Department of Revenue's portal into the database. Ms. Nunn explained that the Division is entering its second year of the TAP project. The first step is to focus on VGM meter readings and the ability to pay the estimated VGM tax payments online through the portal. The programmer is working on this, and the Division has seen a sneak preview and it is looking good. There is already the ability to do these things online, but through a different portal, MII. The main goal of this project is to get all the Division's services in one spot so that a customer can do everything with just one login, a "one-stop shop." Ms. Nunn explained that machine permitting, letters of withdrawal, and service reports will be in the next phase of the project. Concurrently with this the other applications and permits will be added to the portal. Rollout of these services should occur in early 2015.

### **Other Updates**

Ms. Nunn also notified the Council that the credit gambling flyers have been updated and the information has been updated on the website as well.

### **OLD BUSINESS**

#### **Proposed Legislation**

Mr. Ask discussed the proposed statute and rule amendments. The Council voted unanimously to approve the proposed amendments to 23-5-115, MCA to allow GCD to adopt rules and procedures for temporary operating authority; and to 23-5-501, MCA to allow for a sports tab card/board to be used in conjunction with a series of sports events.

Mr. Ask explained that the amendment to 23-5-222, MCA would require a \$25 permit fee for Calcutta pool applications. Mr. Fitch was concerned about penalizing those that follow the rules.

The Council voted to approve the amendment with all in favor except for Mr. Fitch who was opposed.

Mr. Ask said that the proposed amendments to 23-5-112, MCA and 23-5-306, MCA will clarify the definition of social card games. The Council voted to approve these proposed amendments with all in favor except for Mr. Morris who was opposed.

Mr. Ask described the proposed amendments to 23-5-113, MCA which would clarify GIB agents' authority with respect to liquor and tobacco administration, and to serve at the direction of the attorney general. The Council voted unanimously to approve this proposed amendment.

### **Promotional Games of Chance**

Mr. Ask reviewed the Promotional Games of Chance Subcommittee report. Mr. Ask reported that he met with Attorney General Fox and reviewed the St. Jude credit card proposal which was presented at the last GAC meeting, and Attorney General Fox does not want this issue to be included in the GAC/Justice bill.

Mr. Ask explained that the Division proposal was to amend the pick-the-winners promotional game section to no longer limit non-gambling/liquor businesses to the \$100 limit; the administrative rule already exempts non-gambling/liquor businesses from all other promotional game payout limits. The subcommittee chose to recommend to the Council an increase to \$800 from the current \$100 limit for gambling/liquor operators.

Steve Morris reported that this issue was voted on at the recent annual Montana Tavern Association meeting and the vote was to not change the limit from \$100 to \$800. Mr. Morris moved to amend to GAC proposal leaving the limit at \$100 for gambling/liquor operators. The GIA also supports keeping the limit at \$100. The motion to leave the limit at \$100 passed unanimously.

### **Sports Pools - \$25.00 Minimum**

Mr. Ask said that Montana has always been limited stakes in terms of payout and bet limits and the Attorney General does not want to remove the \$25 sports pool bet limit. Chairman Kennedy stated he would like this topic to remain on the table as an issue.

### **Reporting Theft/Robbery**

Dave Jeseritz, Investigation Bureau Chief, stated that the Division wants to help the gambling industry with prevention and safety. He said that data for theft/robbery incidents which occur at licensed gambling locations is not tracked state-wide. The intent is not to replace local law enforcement – the Division would just like to be notified of incidents at licensed gambling establishments to help educate licensees about preventing potential problems.

Mr. Myhre asked what problems occur in other places, and if there been an increase in robberies in Montana. Chief Jeseritz stated that there has not been an increase – he is just looking for

across the board state-wide connectivity. Mr. Morris suggested that local law enforcement notify the Division if a robbery or other crime occurs in a licensed establishment.

## **NEW BUSINESS**

### **Biennial Report**

Ms. Nunn explained that the Division has a statutory requirement to produce a biennial report, which is typically published right before the legislative session. A portion of the report will include a summary of the Gaming Advisory Council meetings and recommendations from the last two years. Ms. Nunn stated that she will send Council members a draft for approval in November or early December.

### **Manager Disclosures**

Mr. Ask said that the Council had asked the Division to report on requirements for managers to be disclosed by applicants or licensees, and the necessity for always requiring management agreements. He explained that upon initiating discussions with Division personnel in order to respond to the Council, it became clear there needed to be a better definition of manager or key person on whom a background check was necessary. Do we need everyone with manager in their title or just the general manager/key person; and what kind of duties does the general manager or key person perform? Second, after some discussion internally and with interested parties it was apparent that management agreements may not always be necessary for managers even though rules and application forms call for submission. The Department of Revenue/Liquor Control agreed that these manager and agreement issues required further evaluation and would work with GCD to help establish a better definition of the manager to be disclosed and agreement issues. In addition, Mr. Ask explained that he would enlist members of industry to help in developing the definition of the manager or key personnel needing disclosure and background checks and agreement issues.

Chairman Kennedy stated that he hoped industry representatives Ronda Wiggers, Jon Iverson, Neil Peterson, and key members of their industry associations would be in discussions with the Division on these matters along with council members Fitch and Kenneally, and DOR Liquor Administrator Helfert. After working with this group Mr. Ask said he hoped to have a proposal for resolving manager disclosure issues at the next GAC meeting.

## **FINAL BUSINESS**

The Council tentatively scheduled their next meeting for May 15, 2015 in Helena. The meeting adjourned at 11:33 a.m.