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Senate BILL NO. 414 *Bob Spnich*

INTRODUCED BY *Richard Manning* *W. J. ...* *...*

Paul ... *Robert ...* *...* *...* *...*

A BILL FOR AN ACT ENTITLED: "AN ACT TO LEGALIZE VIDEO SLOT MACHINES UNDER THE MONTANA VIDEO GAMBLING CONTROL LAW; TO LIMIT THE NUMBER OF VIDEO SLOT MACHINES ON THE PREMISES OF A LICENSEE TO FIVE MACHINES; TO LIMIT THE MAXIMUM PRIZE FROM A VIDEO SLOT MACHINE; AMENDING SECTIONS 23-5-112, 23-5-602, 23-5-603, 23-5-608, 23-5-611, AND 23-5-621, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is not technically required for this bill because the department of justice has authority under 23-5-621 to adopt rules regarding the specifications of video gambling machines. However, in enacting this bill, it is the intent of the legislature that rules to be adopted by the department regarding the specifications of video slot machines follow as closely as possible the rules adopted regarding the specifications of video draw poker machines and video keno machines under 23-5-621 because it is further the intent of the legislature to make conversion of existing authorized video gambling machines to video slot machines as simple and economical as possible.



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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-5-112, MCA, is amended to read:

"23-5-112. Definitions. Unless the context requires otherwise, the following definitions apply to parts 1 through 6 of this chapter:

(1) "Applicant" means a person who has applied for a license or permit issued by the department pursuant to parts 1 through 6 of this chapter.

(2) "Application" means a written request for a license or permit issued by the department. The department shall adopt rules describing the forms and information required for issuance of a license.

(3) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be inspected by the department and that randomly selects the numbers.

(4) "Bingo" means a gambling activity played for prizes with a card bearing a printed design of 5 columns of 5 squares each, 25 squares in all. The letters B-I-N-G-O must appear above the design, with each letter above one of the columns. No more than 75 numbers may be used. One number must appear in each square, except for the center square, which may be considered a free play. Numbers are randomly drawn using authorized equipment until the game is won by the person or persons who first cover a previously

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1 designated arrangement of numbers on the bingo card.

2 (5) "Bingo caller" means a person 18 years of age or
3 older who, using authorized equipment, announces the order
4 of the numbers drawn in live bingo.

5 (6) "Card game table" or "table" means a live card game
6 table authorized by permit and made available to the public
7 on the premises of a licensed gambling operator.

8 (7) "Dealer" means a person with a dealer's license
9 issued under part 3 of this chapter.

10 (8) "Department" means the department of justice.

11 (9) "Distributor" means a person who:
12 (a) purchases or obtains from another person equipment
13 of any kind for use in gambling activities; and
14 (b) sells, leases, or otherwise furnishes the equipment
15 to another person for use in public.

16 (10) "Gambling" or "gambling activity" means risking
17 money, credit, deposit, check, property, or any other thing
18 of value for a gain that is contingent in whole or in part
19 upon lot, chance, or the operation of a gambling device or
20 gambling enterprise.

21 (11) "Gambling device" means a mechanical,
22 electromechanical, or electronic device, machine, slot
23 machine, video slot machine, instrument, apparatus,
24 contrivance, scheme, or system used or intended for use in
25 any gambling activity.

1 (12) "Gambling enterprise" means an activity, scheme, or
2 agreement or an attempted activity, scheme, or agreement to
3 provide gambling or a gambling device to the public.

4 (13) "Gross proceeds" means gross revenue received less
5 prizes paid out.

6 (14) "Illegal gambling device" means a gambling device
7 not specifically authorized by statute or by the rules of
8 the department.

9 (15) "Illegal gambling enterprise" means a gambling
10 enterprise that violates a statute or a rule of the
11 department.

12 (16) "Keno" means a game of chance in which prizes are
13 awarded using a card with 8 horizontal rows and 10 columns
14 on which a player may pick up to 10 numbers. A keno caller,
15 using authorized equipment, shall select at random at least
16 20 numbers out of numbers between 1 and 80, inclusive.

17 (17) "Keno caller" means a person 18 years of age or
18 older who, using authorized equipment, announces the order
19 of the numbers drawn in live keno.

20 (18) "License" means an operator's, dealer's, or
21 manufacturer-distributor's license issued to a person by the
22 department.

23 (19) "Licensee" means a person who has received a
24 license from the department.

25 (20) "Live card game" or "card game" means a card game

1 that is played in public between persons on the premises of
2 a licensed gambling operator.

3 (21) "Lottery" or "gift enterprise" means a scheme, by
4 whatever name known, for the disposal or distribution of
5 property by chance among persons who have paid or promised
6 to pay valuable consideration for the chance of obtaining
7 the property or a portion of it or for a share or interest
8 in the property upon an agreement, understanding, or
9 expectation that it is to be distributed or disposed of by
10 lot or chance. However, "gift enterprise" does not mean:

11 (a) lotteries authorized under part 10 of this chapter;

12 or

13 (b) cash or merchandise attendance prizes or premiums
14 that the county fair commissioners of agricultural fairs and
15 rodeo associations may give away at public drawings at fairs
16 and rodeos.

17 (22) "Manufacturer" means a person who assembles from
18 raw materials or subparts a completed piece of equipment or
19 pieces of equipment of any kind to be used as a gambling
20 device.

21 (23) "Operator" means a person who purchases, receives,
22 or acquires, by lease or otherwise, and operates or controls
23 for use in public, a gambling device or gambling enterprise
24 authorized under parts 1 through 6 of this chapter.

25 (24) "Permit" means approval from the department to make

1 available for public play a gambling device or gambling
2 enterprise approved by the department pursuant to parts 1
3 through 6 of this chapter.

4 (25) "Person" or "persons" means both natural and
5 artificial persons and all partnerships, corporations,
6 associations, clubs, fraternal orders, and societies,
7 including religious and charitable organizations.

8 (26) "Premises" means the physical building or property
9 within or upon which a licensed gambling activity occurs, as
10 stated on an operator's license application and approved by
11 the department.

12 (27) "Public gambling" means gambling conducted in:

13 (a) a place, building, or conveyance to which the
14 public has access or may be permitted to have access; or

15 (b) a place of public resort, including but not limited
16 to a facility owned, managed, or operated by a partnership,
17 corporation, association, club, fraternal order, or society,
18 including a religious or charitable organization.

19 (28) "Raffle" means a gift enterprise in which each
20 participant buys a chance or chances to win a prize.

21 (29) "Slot machine" means a mechanical, electrical,
22 electronic, or other gambling device, contrivance, or
23 machine that, upon insertion of a coin, currency, token,
24 credit card, or similar object or upon payment of any
25 valuable consideration, is available to play or operate, the

1 play or operation of which, whether by reason of the skill
 2 of the operator or application of the element of chance, or
 3 both, may deliver or entitle the person playing or operating
 4 the gambling device to receive cash, premiums, merchandise,
 5 tokens, or anything of value, whether the payoff is made
 6 automatically from the machine or in any other manner. This
 7 definition does not apply to video gambling machines,
 8 including video slot machines, authorized under part 6 of
 9 this chapter.

10 (30) "Video gambling machine" is a gambling device
 11 specifically authorized by part 6 of this chapter and the
 12 rules of the department."

13 **Section 2.** Section 23-5-602, MCA, is amended to read:

14 "23-5-602. Definitions. As used in this part, the
 15 following definitions apply:

16 (1) "Associated equipment" means all proprietary
 17 devices, machines, or parts used in the manufacture or
 18 maintenance of a video gambling machine, including but not
 19 limited to integrated circuit chips, printed wired assembly,
 20 printed wired boards, printing mechanisms, video display
 21 monitors, metering devices, and cabinetry.

22 (2) "Bingo machine" means an electronic video gambling
 23 machine that, upon insertion of cash, is available to play
 24 bingo as defined by rules of the department. The machine
 25 utilizes a video display and microprocessors in which, by

1 the skill of the player, by chance, or both, the player may
 2 receive free games or credits that may be redeemed for cash.
 3 The term does not include a slot machine or a machine that
 4 directly dispenses coins, cash, tokens, or anything else of
 5 value.

6 (3) "Draw poker machine" means an electronic video
 7 gambling machine that, upon insertion of cash, is available
 8 to play or simulate the play of the game of draw poker as
 9 defined by rules of the department. The machine utilizes a
 10 video display and microprocessors in which, by the skill of
 11 the player, by chance, or both, the player may receive free
 12 games or credits that may be redeemed for cash. The term
 13 does not include a slot machine or a machine that directly
 14 dispenses coins, cash, tokens, or anything else of value.

15 (4) "Keno machine" means an electronic video gambling
 16 machine that, upon insertion of cash, is available to play
 17 keno as defined by rules of the department. The machine
 18 utilizes a video display and microprocessors in which, by
 19 the skill of the player, by chance, or both, the player may
 20 receive free games or credits that may be redeemed for cash.
 21 The term does not include a slot machine or a machine that
 22 directly dispenses coins, cash, tokens, or anything else of
 23 value.

24 (5) "Net machine income" means money put into a video
 25 gambling machine minus credits paid out in cash.

1 (6) "Video gambling machine manufacturer-distributor"
2 means a person who assembles, produces, makes, or supplies
3 video gambling machines or associated equipment for sale,
4 use, or distribution in the state.

5 (7) "Video slot machine" means an electronic video
6 gambling machine that, upon insertion of cash, is available
7 to play or simulate the play of a slot machine as defined by
8 rules of the department. The machine uses a video display
9 and microprocessors in which the player, by chance, may
10 receive free games or credits that may be redeemed for cash.
11 The payoff from a video slot machine may not be made
12 automatically in cash but must be made in the same manner as
13 the payoff is made for a draw poker machine."

14 **Section 3.** Section 23-5-603, MCA, is amended to read:

15 "23-5-603. Video gambling machines -- possession --
16 play -- restriction. (1) A person may make available for
17 public play only the number of approved video gambling
18 machines specifically authorized by this part.

19 (2) The video gambling machines specifically authorized
20 by this part are bingo, keno, ~~and draw poker,~~ and video slot
21 machines. Only the number of approved machines for which
22 permits have been granted under 23-5-612 may be made
23 available for play by the public on the premises of a
24 licensed operator. The department shall adopt rules allowing
25 a video gambling machine that needs repair to be temporarily

1 replaced while it is being repaired with a video gambling
2 machine that is approved under the permit provisions of this
3 part. A fee may not be charged for the replacement machine.

4 (3) Machines on premises licensed to sell alcoholic
5 beverages for consumption on the premises must be placed in
6 the room, area, or other part of the premises in which the
7 alcoholic beverages are sold and normally consumed."

8 **Section 4.** Section 23-5-608, MCA, is amended to read:

9 "23-5-608. Limitation on amount of money played and
10 value of prizes -- payment of credits in cash. (1) A video
11 gambling machine may not allow more than \$2 to be played on
12 a game or award free games or credits in excess of the
13 following amounts:

14 (a) \$100 a game for a video draw poker or video slot
15 machine; and

16 (b) \$800 a game for a video keno or bingo machine.

17 (2) A licensee shall pay in cash all credits owed to a
18 player as shown on a valid ticket voucher."

19 **Section 5.** Section 23-5-611, MCA, is amended to read:

20 "23-5-611. Machine permit qualifications --
21 limitations. (1) (a) A person who has been granted an
22 operator's license under 23-5-177 and a license to sell
23 alcoholic beverages for consumption on the premises may be
24 granted a permit for the placement of video gambling
25 machines in his premises.

1 (b) If video keno or bingo gambling machines were
 2 legally operated on a premises on January 15, 1989, and the
 3 premises were not on that date licensed to sell alcoholic
 4 beverages for consumption on the premises or operated for
 5 the principal purpose of gaming and there is an operator's
 6 license for the premises under 23-5-177, a permit for the
 7 same number of video keno or bingo gambling machines as were
 8 operated on the premises on that date may be granted to the
 9 person who held the permit for such machines on those
 10 premises on that date.

11 (c) A person who legally operated an establishment on
 12 January 15, 1989, for the principal purpose of gaming and
 13 has been granted an operator's license under 23-5-177 may be
 14 granted a permit for the placement of bingo and keno
 15 machines in his premises.

16 (2) An applicant for a permit shall disclose on the
 17 application form to the department any information required
 18 by the department consistent with the provisions of
 19 23-5-176.

20 (3) (a) A licensee may not have on the premises or make
 21 available for play on the premises more than 20 machines of
 22 any combination and.

23 (b) Of the 20 machines allowed under subsection (3)(a),
 24 no more than 10 may be draw poker machines.

25 (c) Of the 20 machines allowed under subsection (3)(a),

1 no more than 5 may be video slot machines."

2 **Section 6.** Section 23-5-621, MCA, is amended to read:

3 "23-5-621. Video gambling machine specifications --
 4 rules. (1) The department shall adopt rules describing the
 5 video gambling machines authorized by this part and stating
 6 the specifications for video gambling machines authorized by
 7 this part.

8 (2) (a) The Except as provided in subsection (2)(b),
 9 specifications in the rules must substantially follow the
 10 specifications contained in 23-5-606 and 23-5-609 as those
 11 sections read on September 30, 1989.

12 (b) For video slot machines, specifications in the
 13 rules must follow the specifications contained in 23-5-606
 14 and 23-5-609, as those sections read on September 30, 1989,
 15 as closely as possible.

16 (3) The department shall adopt rules allowing video
 17 gambling machines to be imported into this state and used
 18 for the purposes of trade shows, exhibitions, and similar
 19 activities."

20 **NEW SECTION. Section 7. Saving clause.** [This act] does
 21 not affect rights and duties that matured, penalties that
 22 were incurred, or proceedings that were begun before [the
 23 effective date of this act].

24 **NEW SECTION. Section 8. Effective date --**
 25 **applicability.** [This act] is effective on passage and

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1 approval and applies on and after July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0414, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to legalize video slot machines under the Montana video gambling control law.

ASSUMPTIONS:

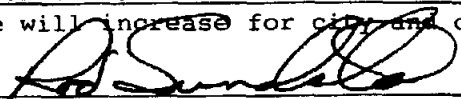
1. As a result of this bill, there will be a net increase of 220 video machine permits.
2. Each new video machine will produce an average annual net income of \$11,000.
3. For regulatory purposes, the Gambling Control Division of the Department of Justice will require an additional 0.50 FTE machine tester (grade 15) along with additional operating and equipment expense.
4. Current law is represented by the executive budget base for the Gambling Control Division.

FISCAL IMPACT:Department of Justice-Gambling Control Division

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
F.T.E.	31.00	31.50	0.50	31.00	31.50	0.50
Personal Services	963,700	979,700	16,000	962,300	978,300	16,000
Operating Costs	397,000	402,000	5,000	398,400	403,400	5,000
Equipment	90,300	91,300	1,000	90,300	91,300	1,000
Total	1,451,000	1,473,000	22,000	1,451,000	1,473,000	22,000
<u>Funding:</u>						
State Special/Gambling Lic	1,451,000	1,473,000	22,000	1,451,000	1,473,000	22,000
<u>Revenues:</u>						
Video Machine Permit/Local Gov.	1,100,000	1,122,000	22,000	1,100,000	1,122,000	22,000
Video Machine Permit/State (02)	1,100,000	1,122,000	22,000	1,100,000	1,122,000	22,000
Video Machine Tax/Local Govt.	14,000,000	14,242,000	242,000	14,667,000	14,909,000	242,000
Video Machine Tax/Gen Fund (01)	7,000,000	7,121,000	121,000	7,333,000	7,454,000	121,000
Total	23,200,000	23,607,000	407,000	24,200,000	24,607,000	407,000
General Fund Impact			121,000			121,000

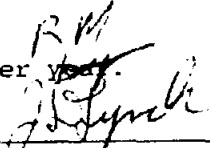
EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Revenue will increase for city and county governments by about \$264,000 per year.


ROD SUNDSTED, BUDGET DIRECTOR

DATE

Office of Budget and Program Planning


RICHARD EDWARD MANNING, PRIMARY SPONSOR

DATE

Fiscal Note for SB0414, as introduced

SB 414