

SENATE BILL 465

Introduced by Waterman

3/13	Introduced
3/13	First Reading
3/13	Referred to Taxation
3/13	Fiscal Note Requested
3/18	Fiscal Note Received
3/19	Fiscal Note Printed
3/21	Hearing
4/02	Tabled in Committee

1 *Senate* BILL NO. *465*
2 INTRODUCED BY *Meghan Watt*

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION
5 OF VIDEO GAMBLING MACHINE NET INCOME; ESTABLISHING A
6 GRADUATED TAX ON NET GAMBLING MACHINE INCOME; AMENDING
7 SECTION 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE AND
8 AN APPLICABILITY DATE."
9

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

11 **Section 1.** Section 23-5-610, MCA, is amended to read:

12 ***23-5-610. Video gambling machine net income tax --**
13 **records -- distribution -- quarterly statement and payment.**

14 (1) An operator issued a permit under this part shall pay to
15 the department a video gambling machine tax ~~of 15%~~ of on
16 quarterly net machine income from each video gambling
17 machine licensed under this part according to the following
18 schedule:

19 (a) 15% on the first \$1,250 or less of net machine
20 income;

21 (b) 20% on the next \$1,250 or less of net machine
22 income;

23 (c) 25% on net machine income in excess of \$2,500.

24 (2) An operator issued a permit under this part shall
25 keep a record of net machine income in such form as the

1 department may require. The records must at all times during
2 the business hours of the licensee be subject to inspection
3 by the department.

4 (3) An operator issued a permit under this part shall,
5 within 15 days after the end of each quarter, complete and
6 deliver to the department a statement showing the total net
7 machine income from each video gambling machine licensed to
8 him, together with the total amount due the state as video
9 gambling machine net income tax for the preceding quarter.
10 The statement must contain other relevant information as the
11 department may require.

12 (4) (a) The department shall forward one-third of the
13 tax collected under subsection (3) to the general fund.

14 (b) The department shall forward the remaining
15 two-thirds of the tax collected under subsection (3) to the
16 treasurer of the county or the clerk, finance officer, or
17 treasurer of the city or town in which the licensed machine
18 is located, for deposit to the county or municipal treasury.
19 Counties are not entitled to proceeds from taxes on income
20 from video gambling machines located in incorporated cities
21 and towns. The two-thirds local government portion of tax
22 collected under subsection (3) is statutorily appropriated
23 to the department as provided in 17-7-502 for deposit to the
24 county or municipal treasury."

25 NEW SECTION. **Section 2.** Effective date --



-2- INTRODUCED BILL
SB 465

LC 1988/01

1 **applicability.** [This act] is effective July 1, 1991, and
2 **applies to taxable quarters beginning after June 30, 1991.**

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0465, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the taxation of video gambling machine net income.

ASSUMPTIONS:

1. The percent of machines falling into each of the tax brackets will be the same as the percent in the second quarter of FY91.
2. The average income of each bracket will be the same in FY92 and FY93 as the second quarter of FY91.
3. The number of machines in play in FY92 and FY93 will increase at the current rate of growth.
4. It is estimated that there will be an average of 11,000 video gambling machines in play during FY92 and an average of 11,500 during FY93.


FISCAL IMPACT:

Department of Justice:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Revenues:</u>						
General Fund-Video Tax (01)	6,969,000	9,463,900	2,494,900	7,517,000	10,208,100	2,691,100
Cities/Counties-Video Tax	<u>13,938,100</u>	<u>18,927,900</u>	<u>4,989,800</u>	<u>15,034,100</u>	<u>20,416,300</u>	<u>5,382,200</u>
Total	20,907,100	28,391,800	7,484,700	22,551,100	30,624,400	8,073,300
General Fund Increase			2,494,900			2,691,100

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Cities and counties would receive estimated additional video machine tax revenue of \$10,372,000 for the 1993 biennium.


 ROD SUNDESTED, BUDGET DIRECTOR
 Office of Budget and Program Planning
 DATE 3/18/91


 MIGNON WATERMAN, PRIMARY SPONSOR
 DATE 3/19/91
 Fiscal Note for SB0465, as introduced
 SB 465-1