

MINUTES OF THE MEETING  
BUSINESS & INDUSTRY COMMITTEE  
MONTANA STATE SENATE

February 21, 1985

The 26th meeting of the Business & Industry Committee met on Thursday, February 21 in Room 325 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present except for Senator Neuman who was excused.

CONSIDERATION OF SENATE BILL 391: Senator Paul Boylan, Senate District 39, Bozeman, is the chief sponsor of this bill which would provide for licensing and placement of video draw poker machines, provide powers and duties for the Department of Revenue, provide for distribution of revenues and provide a penalty provision. He feels people are very interested in having electronic poker machines and hopes this will not wind up in the courts as others have in the past.

PROPONENTS: Representative Paul Pistoria, Great Falls House District 36, feels this is the best bill that has ever been presented for electronic poker machines. He feels it will produce revenue for local governments and the state and is tamper proof. John Poston, Lobbyist for the Montana Coin Machine Operators Association explained that the Department of Revenue has submitted some amendments which they had no objection to. (EXHIBIT 1) He feels efforts to expand gambling had gone too far in the past and this measure will allow the expansion of gambling to allow the Draw Poker machines. It will provide control for the placement of the machines and allow the revenue that is generated to be a viable and dependable source of revenue for local governments. He explained the bill was carefully drafted and features control such as a series of licenses, a computer system that leaves four audit trails, has a pre-set payoff, a main computer terminal in the Department of Revenue and would have audit powers when necessary. He feels the fiscal note that was prepared is conservative and could be much more. (EXHIBIT 2) The revenue would be divided 40% to the machine owner, 40% to the licensed establishment where the machine is located and 20% would be split between the state and local governments. There would also be a 60-month exclusive contract between the owner and the establishment. He feels it would bring back a popular game that was played in the state and provide adequate control and still share the revenues gained in a meaningful way. The Department of Revenue feels they can handle this within their department with no additional funding. Representative Kelly Addy, co-sponsor of this measure, from House District 94 in Billings, stressed two points, control and revenue. He feels the placement of video poker machines in a highly controlled manner would assure the state they would receive all the revenues they would be entitled to. He feels the local governments need more resources for revenue generation and this would help them out considerably.

Dale Rodish, a resident of San Diego, California with 18 years of experience with coin machines, was asked to comment on the technical aspects of the machines. He feels a machine could be manufactured that met the specifications in the bill but could probably not be installed in existing draw poker machines. The system would utilize printers, terminals, telephone connections, screen operator input and use all the latest techniques available. He feels it would be detected if a machine was tampered with very quickly and that all the knowledge on the computers is public access information. He stated the time to put in the proper controls is before the machines are made and in place. Terry Menow, Montana Federation of Teachers, representing the public employees of the state, feels we need the revenues it would generate. John Shontz, Lobbyist for Richland County, expressed his counties support for the revenue it would provide for the foundation program. He felt it was the first time there was some real control involved in the operation of the machines. Gordon Morris, Montana Association of Counties, urged a do pass and echoed Rep. Addy's comments. Ann Williams, speaking on behalf of the Beaverhead Chamber of Commerce, stated they believe the poker machines are socially desirable and would produce needed local revenue. Al Miller, a Kalispell coin machine operator also representing the county commissioners, feels that all counties should be the same and believes it would clarify the Montana Card Game Act. Phil Benson, President of the Montana Coin Dealers Association from Missoula, stated they had met in January and decided to favor this measure. Larry Lipp, from Bozeman, urged a do pass and had the proponents from the audience from his area stand. Jim Krause, Kalispell, representing the Eagle Lodge urged support. Edward Buller, from the Great Falls Moose Lodge supports this bill. (EXHIBIT 3) Brad Schett, Kalispell, urged support. Don Hackman, city clerk from Laurel, feels they have reached their tax limit and with costs going even higher they could use the revenue this might provide. Dwaine Liable, Miles City, representing the Miles City delegation of tavern owners had his constituents stand that were in the audience in support. He also submitted letters from Dale Hubber, County Attorney from Terry, Montana and from the mayor and aldermen of Miles City in support. (EXHIBIT 4) Charles Anderson, of the Eagles Lodge in Great Falls rose in support. Dale Thurber, from Great Falls American Legion Post #3, urged a do pass. John Able, representing the VFW of Great Falls pleaded for passage of the bill for the revenues it might generate. Paul Sagunsky, representing the Southwest Montana Tavern Association, urged support on behalf of their organization. Chairman Halligan then noted phone calls from over 55 individuals and various organizations across the state had been received in support of Senate Bill 391. (EXHIBIT 5)

OPPONENTS: Lynn Seelye, Great Falls, representing the Cascade County Tavern Association and a tavern owner, stated they would

like to see the electronic poker machines legalized but feels there are problems with Senate Bill 391. They would welcome the revenue but would like to see the revenue shared on a more reasonable basis. They have no problems with the Legislature licensing the use of the machines but feels they are going too far when stepping into the area of financing. He did not like the minimum lease of 60 months. He feels this would prohibit competition and would be a detriment to the consumer. Each establishment might have a different level of play so the owner of one machine might have an entirely different income than another. He felt we should keep in mind the constitutional restraints and try to develop a bill that would be workable for all the parties involved. He feels that House Bill 236 is a better alternative and contains a better definition of card games. The revenue it would generate would be approximately \$8.5 million and he feels the figures submitted by the coin dealers is just highly speculative. (EXHIBIT 6) Phil Strope, of the Montana Tavern Owners Association, introduced Rolin Liedheiser a coin machine dealer from Great Falls who opposes this bill because there is only one machine made that would fit in with this bill. He feels because there are such a limited number of people in the state who could do the final assembly and will increase the cost of the machines. He does not feel the Draw 80 Poker machine will fit into this bill. Bud Schultz, a bar owner from Two Dot, feels this bill would put him out of business because it is just for the bigger business establishments. Buck Torgis, from Outlaw Inn in Kalispell, believes in free enterprise and feels this bill is just a monopoly for a few coin machine operators in the state. Jerry Leadish, a tavern owner and coin operator from Great Falls, does not feel the controls will keep the crooks away and is setting up a monopoly for just a few coin machine dealers if it has to be manufactured in the state. Lou Parino, a coin operator from Silver Bow, opposes the bill and agreed with Lynn Seelye's statements. (EXHIBIT 7) Phil Strope, representing the Montana Tavern Owners Association, had the people in the audience stand who opposed the bill. He feels that House Bill 236 will authorize the use of the Draw 80 Poker machines now in existence. With the amendments being proposed it will provide for some revenue for the state over and above the licensing fee. He feels SB 391 would create a monopoly for one manufacturer in Great Falls, Mr. Killman. He does not feel the 40/40/20 split is accurate. He does not like the provision that states that whoever has one of the machines in his establishment can not own it but just lease it for a period of 60 months. Don Larson, National President of the Licensed Beverage Association, stated their group came out with a unanimous opposition to Senate Bill 391. As small business people they object to someone else owning the machine and having to enter into an agreement besides. He feels most people would not be able to understand how the computer system would operate for the monitoring. Kathy Campbell from the Montana Association of Churches, felt it was odd to see two factions coming together and the only controversy is how the money is going to be split up. She felt the committee should consider the wishes of the constituents when they turned

down the gambling measures before. Art Kussman, from Helena, representing the unorganized majority of the state feels this is just not good policy, would cause increased compulsive gambling, welfare rolls, higher crime rates, increase the cost of crime control and be a wasteful use of money that could be spent on more necessary expenses. (EXHIBIT 8) Stuart McQuade from Kalispell, a student, would like to see the passage of the machines but feels the controls in the bill are not necessary. He feels House Bill 236 is a much fairer bill. Representative John Mohar, Senate District 1 from Lincoln, does not favor expanded gambling but feels if the state is going to allow gambling machines that this Senate Bill 391 being proposed is better than the House Bill 236 because it will allow more regulation to assure the state more profit. He offered some amendments to change the revenues to 1/3 for local government, 1/3 for the state and 1/3 for the machine owners effective after June 30, 1988. (EXHIBIT 9) Don Robinson, owner and operator of several businesses in Great Falls, feels the bill is a restraint of trade. It would force him to do business with one machine operator, to use only one type of machine and forces him to do business with someone he might not otherwise do business with. He offered to give back 60% to the state and let him keep 40%. A letter from Rev. George Harper, of Helena, in opposition was also submitted. (EXHIBIT

Questions were then called for from the committee members. Senator Fuller questioned the security of the system. Terry Johnson, from the Governor's budget office, stated he had visited computer plants where the games are developed and that they would be very well monitored and felt they would be very secure. There are three sets of controls for money coming into the machine and a ticket printout also. The cost of the machines would be between \$4500 and \$5000 per machine. Senator Thayer asked Phil Strope about his statement that the 40/40/20 split was not accurate. Mr. Strope feels the way the bill is drafted the owner would be paying out virtually all of his 40% just to pay for the machine. Senator Goodover wondered of the over 1936 licensed establishments in the state how many were fraternal organizations and was told possibly 10% were. Senator Goodover was concerned about the 60 month lease period. John Poston explained the maintenance of the machines, cost of hookups, are included in the costs of the machine and the 60 month period was something they just estimated and came up with. Lynn Seelye added if these figures were accurate, the machine owners would receive \$500 per month and it would take only 9 months to pay for the machine not 60 months. Senator Gage asked Dale Rodish if there were presently any manufacturers in the state who could build the machine specified in the bill. Mr. Rodish stated not to his knowledge but he did not preclude using an out of state manufacturer and then through a subsidiary of a Montana dealership assembling the machines in the state. John Poston added there is a plant in Bozeman that could manufacture machines so it is not limited to one manufacturer Mr. Killman. The safeguards would be put into place so that the Department of Revenue could oversee this part of the operation. Lynn

Seelye feels that the way the bill is drafted you would have to be a resident longer than a year and that the language would be creating a monopoly for just one person for at least the next five years. Senator Kolstad wondered if a social security number would be placed on the winning tickets and John LaFaver responded they had not anticipated doing this. Mr. LaFaver felt the fiscal note was very prudent and conservative and could be much higher. Senator Kolstad wondered if the machine owners would be asked to bear a great portion of the cost of maintenance. John LaFaver felt they were not, that the costs of putting in the telephone lines for the computer were very reasonable in comparison to having a person doing an on the spot audit. Senator Kolstad asked John Poston who would be responsible for the costs if a machine was stolen and he was told the bar owner would have to pay the state the amount that had been computed to be owed to the state. Senator Williams wondered if the fears he had heard expressed of big time gamblers coming in to the state would be true and was told that with the five machines allotted per establishment that it would just not attract the bigger gambling concerns. Senator Weeding asked about the 40/40 split whether or not an out-of-state manufacturer would benefit and John Poston explained this was the reason for the residency requirement so the money would remain in the state. Senator Thayer wondered if the House Bill would provide any safeguards against tampering and John Poston felt there were none. Senator Williams asked John LaFaver if there was the control he thought the department needed in this bill and he said there was. Senator Goodover felt this was a no-win situation and thought the two factions should try and work together and compromise on some common meeting ground. Senator Boylan closed by stating his appreciation to all involved and felt we have an interest in the state for some type of draw poker and this bill has the potential for revenue and control. He feels the need for some type of draw poker has been expressed and hopes some type of compromise can be worked out. The hearing was closed on Senate Bill 391.

CONSIDERATION OF SENATE BILL 428: Senator Chris Christiaens, Senate District 17 Great Falls, is the chief sponsor of this bill. It provides for the regulation and the use of certain transactions relating to the use of liquified petroleum gases. He explained there have been some serious accidents resulting from containers being improperly filled usually from larger tanks filling smaller tanks with incorrect amounts of gas.

PROPONENTS: There were no proponents to the bill.

OPPONENTS: There were no opponents to the bill.

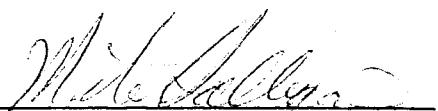
Questions were then called for from the committee. Senator Goodover wondered who was concerned about misuse and why they were not present for the hearing. Senator Christiaens explained he drew the bill up for Kerry Gray, Northern Rockies Welding Supplies in Great Falls because he had had some problems with tanks being filled improperly. He felt he still had the liability for the tank that was not filled properly. Senator Christiaens

stated you would still be able to have your tanks filled but by an authorized dealer. Senator Gage felt the way the bill was drafted you would not be able to have a tank filled unless you gave the dealer authorization. Senator Boylan felt there are some real restrictions already when you get an oxygen tank filled. Senator Christiaens explained it was just additional protection for the individual's health and safety. Senator Goodover wondered if you would be in violation if your name was not on the tank. Senator Kolstad explained there are serial numbers stamped on each tank with the owner's name on it now. Senator Christiaens explained this was mainly for an individual who tries to fill his own tank. Senator Thayer wondered if this bill was patterned after any other state law and was told that he thought not. Senator Kolstad wondered how such a law could be enforced. Senator Christiaens then closed the hearing on Senate Bill 423.

DISPOSITION OF SENATE BILL 404: This bill was passed by the committee on February 20, 1985 but the statement of intent was overlooked and needed adoption also. Motion was made by Senator Kolstad to PASS the statement of intent for Senate Bill 404. The motion carried.

DISPOSITION OF SENATE BILL 355: Senator Fuller then moved to DO NOT PASS Senate Bill 355. The motion carried.

DISPOSITION OF SENATE BILL 349: Senator Thayer wanted explanation of the two amendments proposed for this bill. (EXHIBIT 11) Senator Thayer asked Dale Harris from the Board of Economic Development to explain the amendment that strikes lines 4 through 8 and he explained the present bill would limit them to use the coal tax to guarantee loans under \$1 million. By striking these lines it would permit the board to guarantee loans between \$1 million and \$10 million. Senator Christiaens felt the committee should be aware that when you take on the larger projects that you would be cutting out some of the smaller ones that are very needy also. Senator Thayer then moved TO PASS the amendment to strike lines 4 through 8, thus removing the \$1 million requirement. Senator Halligan spoke against this motion. This motion failed on a roll call vote 6 to 4. Senator Gage then moved to pass the housekeeping amendment. (EXHIBIT 12) This motion carried. Senator Fuller then moved to PASS Senate Bill 349 AS AMENDED. The motion carried with Senator Goodover voting no. The meeting was adjourned at noon.

  
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Mike Halligan, Chairman

cd

## ROLL CALL

**BUSINESS & INDUSTRY COMMITTEE**

49th LEGISLATIVE SESSION -- 1985

Date 2/21/85

SENATE  
SEAT

Each day attach to minutes.

COMMITTEE ON

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Dave Bennett	MT. Coin Machine Co	391	✓	
G Morris	MACO	391	✓	
Tom Beck	MACO	391	✓	
Phil Benson	Montana Music Reatails	391	✓	
Al Miller	Flathead County Comm.	391	✓	
Diane O. Lullitt	Western Lumber & Cans	391	✓	
June Williams	Leavenworth County Chamber Comm.	391	✓	
Jeffry Kippe	Eagles Lodge	391	✓	
Almondt, Thunber	Am. Legion Post #3 GTF	391	✓	
Charles E. Anderson	Eagles Lodge	391	✓	
John E. Wolf	V.F.W. 1084 Ft. Falls	391	✓	
John McCollum	Kalispell Bon. Kalispell	391	✓	
Edward C. Miller	MOOSE	391	✓	
Paul Sagunsky	SW MTH	391	✓	
Frank D. S. I.	Video Scope Imaging	391		✓
David Stearns	Silver Dollar Monday	391		✓
Brad Schrey	Kalispell	391	✓	
John F. F.	Bozeman		✓	
John Shantz	Richland CTY		X	
Kelly Kelly	Billings		✓	
James Wilson	"			✓
DOUGLAS L MARTIN	"			✓
Terry Moran	Terry Moran			
Terry Moran	MT Fed of Deaf	391	✓	

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
DUANE MC FADDEN		391		✓ *
Don Spokane	Spoons One Way	391	✓	
Philip Horning	Muskrat's Hours	391	✓	
Bob Burns	WRANGLER BAR	391	✓ *	
Bryant Lee Jr.	OASIS BAR	391	✓	
Butt Olson	Bigels Bar	391	✓	
Don Robinson	THE OTHER PLACE	391	✓ *	
June Pachat	J Bar P	391	✓	
Larry Pachat	J Bar T	391	✓	
Jim Pachat	OFFICE B H B (END)	391	✓	
Mark Buzgin	M-M Bar & Cafe	391		
Joe Bellant	Three Forks	391	✓	
Rollie Sleds	Great Falls MT	391	✓	
Art Kusman	Silent majority	391	✓	
Don Lane	" " "	391		
Sam McConnon	Montana APP	5341?	✓	
Walter Strelovich	IT Club - Suite	391	X	
Busta Tanderin	Carters 5 4444	391	X	

COMMITTEE ON

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Norma W. Wren	Corsair Bar - Haure	SB 391		✓
Tom & Sande	Andy's Supper Club	"		✓
Joyce Sande	Andy Supper Club	"		✓
Don Romogy	Offend Bar	"		✓
Dolene Romogy	" "	"		✓
Jack Olling	Haure	"		✓
Charles W. Schatz	Two Not	"		✓
Bill Graybill	Clyde Park	"		✓
Tom Heisler	Playground G. F.	"		✓
Wayne Bullock	Biggins 7770 mt.	"		✓
John W. Hooper	Bogeman mt.	"		✓
anda Flanagan	anagon	"		✓
Jack Flanagan	Glenfield, mt.	"		✓
Terita J. Thomas	Auguta, Mt	SB 391		✓
Ronald Thomas	" "	"		✓
Steve Wilken	Three Forks mt	"		✓
Alv. E. Quill	Putton mt.			
Patrick J. Lyle	Missoula mt	"		✓
Ken Bailey	Belt	"		✓
Peggy Christensen	Cynad	SB 391		✓
Peggy Lowe	Brad	SB 391		✓
George J. Bailey	Garrison			✓
George Gayer	Conrad	"		✓
Frank Keith	Red Rooster Butte	"		✓
Red John Manus	Windsor Bar Buddu	-		
Billie M. Manus	Boulder	-		✓

DATE

COMMITTEE ON

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Pat Nielson	Feigning Murray Hotel & Bar			✓
Cliff Nielson	" " " "			✓
David Kent	Belt Mt			✓
Beverly Kent	"			✓
John Algire	Valley Lakes Reg Mt			✓
Jeff Algire	Pap's Inn - Pk. City, MT			✓
B. W. Farley		SB 391		
Bob Player	2d Tavern Conrad Mt	SB 391		✓
Jerry Leitheiser	Cascade Enterprises	SB 391		✓
Cherry Leitheiser	Dusk's Tavern	SB 391		✓
Bob Bidder	Teton Tavern	SB 391		✓
Al Bidder	T. Murphy's Tavern	SB 391		✓
John Miller	Miller's Cave, Helena	SB 391		
Howard Bullock	Livingston Country Club	SB 391		✓
Debby Large	Thai Bar	—		
Mary Koreski	3-D International	—		✓
Rita Koreski	The Office	—		✓
D. W. Larson	M.T.A. Gymnas	—		✓
Don Fox	Front Bar	—		✓
Tracy Grimes	Gallatin Battery	391		✓
Dee Warren	Borgess	—		✓
Thomas Flint Jr.	Horizon Station Inc	391		✓
Bob Simpson	J-T	—		✓
Theresa Hinck	J-T	—		✓

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Ron Lee Decker	Alma Saddle Bar	SB 391		✓
Holly Koenig	Student Billings, MT	"		✓
James Decker	Buckhorn Bar	"		✓
Bob Burns	11 KING LER BTR	"		✓
Mary Ann Burns	16 RANGER BTR	"		✓
Again, Wayne	Buckhorn Bar	"		✓
City's Bar	Roxy's Bar	"		✓
Marvin H. Spiering	Delaney House	"		✓
Clara Johnson	Hathaway House	"		✓
Eddy Glodde	Miner's Restaurant	"		✓
Wade Schuler	Interstate P. Bar	"		✓
C. W. Cantam	Allee Other Place	"		✓
Larry Burns	Ramelli Buffalo	"		✓
Bob Burns	Dealers Bar	SB 391		✓
Maria Conant	Lazy D Bar, Augusta	SB 391		✓
Alia Conant	" " "	"		✓
Thomit Kice	Miner Bar Lic			✓
Bob Decker	Gaffy's - Livingston			✓
Marvin Conant	M. T. Restaurant			✓
Tom Decker	" " "			✓
Wm & Delia Milner	Al. Perton Hotel			✓
John Decker	Great Falls			✓
John Jacewski	Great Falls			✓
Marion Jacewski	Great Falls			✓
Don C. Johnson	Great Falls			✓
Don Olson	Great Falls			✓

DATE:

COMMITTEE ON

**VISITORS' REGISTER**

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Geni Richardson	Red Meadow BAR	391		✓
Jack W. Duff	Tower Creek	391		✓
W. Conroy	" "	391		✓
Thelma Timm	Hayway Deal	391		✓
Leigh Bruder	Steinway Ranch	391		✓
Bob Black	Kings Ranch Co.	391		✓
Dick Price	Sid's Place	391		✓
Pop Price	Wallowa Stone Mt	391	✓	
Dorothy Hedges	Bluffland, MT	391		
Virginia Johnson	Bozeman	371		
Frank D. Thompson	Elbow Cr.	371		✓
James Johnson	City Cr.	371		✓
John Wilson	City Cr.	391		
Russell Johnson	Montana Mountain Ranch			✓
Donald J. Miller	Montana Ban-Bull	371		✓
George Moore	K & J Mountain Ranch	371		
William H. Sanderson	Linen Stable Inc.	391	✓	
Lawrie Sanderson	Linen Stable Inc. by	391		✓
John Duff		391		✓
John Duff	Freeland, MT	391		✓
John P. McMillen	Bozeman Mt	391		✓
John P. McMillen	Bozeman Mt	391		✓
John P. McMillen	Bozeman, MT	391		✓
John P. McMillen	Bozeman, MT	391		✓
John P. McMillen	Bozeman, MT	391		✓

(Please leave prepared statement with Secretary)

DATE:

COMMITTEE ON

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Roten Ackerman	Cascade County	391	<input checked="" type="checkbox"/>	X
Dennis Ackerman	Cascade County	391		X
Margaret Ackerman	Cascade County	391		X
Charles Ackerman	Cascade County	391		X
Judy Miller	Mountain City	391		X
Markan Miller	Mountain City	391		X
Virgil Ellison	Pendora City	391		X
R. E. Engle	Mountain County	391		X
Steve Fife	Eng.	391		X
Levola Hartman	Cascade County	391		X
Alma Hartman	Mountain City	391		X
B. H. Higgin	Silver Bow	391	<input checked="" type="checkbox"/>	X
W. H. Higgin	Silver Bow	391	<input checked="" type="checkbox"/>	X
Leontine Lee	Silver Bow	391	<input checked="" type="checkbox"/>	X
Little Don Hartman	Silver Bow	391	<input checked="" type="checkbox"/>	X
Bill Hartman	391	391	<input checked="" type="checkbox"/>	X
Jack Esham	Cascade	391		X
Carrie Phillips	Del	391		X
J. A. Murphy	Montana Board of S. V. County Board P.M.N.C. 16	391		

EXHIBIT 1  
BUSINESS & INDUSTRY  
February 21, 1985

Amend the introduced bill (white copy) of Senate Bill No. 391 as follows:

1. Page 2, line 8.

Strike: "a coin"

Insert: "cash"

2. Page 4, line 8.

Strike: "13-inch"

3. Page 4, line 9.

Strike: "are 2 1/2 x 1 3/4 inches and"

4. Page 9, line 6.

Following: "date."

Insert: "The department may use any of the powers granted in Title 15 for the collection of delinquent taxes to collect amounts which remain unpaid after the due date provided in this subsection."

5. Page 9, line 22 and line 23.

Following: "(1)"

Strike: "line 22 and line 23 in their entirety"

Insert: "During the first fiscal year of operation under this act, up to 30% may be used by the department to administer [sections 1 through 12]. Thereafter, up to 15% per fiscal year may be used by the department to administer [sections 1 through 12]."

6. Page 10, line 2.

Following: "licenses."

Insert: "(1) The department shall administer and control the provisions of [sections 1 through 12]."

Renumber: Subsequent subsections accordingly

7. Page 10.

Following: line 9

Insert: "(4) The department is a criminal justice agency and designated employees are granted peace officer status with powers of search, seizure and arrest to regulate and control [sections 1 through 12]."

EXHIBIT 2  
BUSINESS & INDUSTRY  
February 21, 1985

A STATEMENT IN SUPPORT  
OF  
SENATE BILL #391

Prepared By:

John Poston, Attorney at Law  
Representing: Montana Coin Mach  
Operators Associa

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1. Statement for Senate Bill #391
- 2-4. Industry Prepared Estimates for Public Revenue
- 5-8. State of Montana Fiscal Note
9. Graph Comparison: Net Annual Revenue
10. Color Photograph: The System

Senate Bill #391 offers a very sensible approach to allowing, with adequate control, a form of gambling that our State had for several years before the Supreme Court concluded it was illegal; given existing statutes.

It is a concise and solid piece of legislation that will regulate, tax and control a form of entertainment style gambling. The legislation is not intended to expand towards casino-style gambling with so called rampant 'skimming' and other problems. Nor is there the lure of large stakes or get rich quick jackpots. Rather, this bill seeks to implement a standardized controlled system throughout the State; limiting placement of machines to premises which hold a liquor license that allows on premises sale of alcohol, including beer or wine.

Using well-tested state of the art communication, each machine verifies 'to the penny' each dollar that is involved in the business. The Department of Revenue will have on-line communication to every unit in the State and can retrieve all information at any time of the day or night.

As the following pages will illustrate, this system provides a large source of revenue for the State government; as well as local City/County governments, with relatively little appropriation needed.

It is submitted, that S.B. #391 offers a program of controlled voluntary taxation with minimal investment by the State; while the revenues generated will help heal ailing budgets throughout Montana.

## INDUSTRY PREPARED ESTIMATES FOR PUBLIC REVENUE

### ASSUMPTIONS:

1. Data for estimates were obtained from 75 Draw Poker Machines with average time on location of 26.8 weeks.
2. There are currently 1,941 valid licenses for the sale of on-premises consumption of alcoholic beverages including beer and wine.
3. The total number of machines anticipated for operation in Montana will be 5,000.
4. Assuming an effective date of no later than May 1, 1985, there will be 2,500 Draw Poker Machines in operation before year end 1985. The additional 2,500 machines estimated for operation will be placed by May 1, 1986.
5. The license fees paid by manufacturer, distributor, machine owner, and licensed establishment are annual fees paid in lump sum each year.
6. The State of Montana computer system to be purchased is a one time investment of \$80,000.00.
7. No allowance included for taxes generated (income or other for increased employment for manufacturer, distributor, machine owners, or licensed establishments).
8. The Montana Department of Revenue will incur additional personnel, operating and capital expense totaling \$650,000 in 1985, reduced to \$500,000 in 1986.
9. County Auditor/City Finance Directors will monitor City/County operations at no additional expense.

FISCAL IMPACT:License Revenue - Montana State Department of Revenue

	<u>1985</u>	<u>1986</u>
4 Manufacturers (Prorated Quarterly)	15,000	20,000
6 Distributors (Prorated Quarterly)	33,750	45,000

## Machine Owners

(2,500 Machines @ \$300)	750,000	2,000,000
(5,000 Machines @ \$400)		

## Licensed Establishments

(2,500 Machines @ \$300)	750,000	2,000,000
(5,000 Machines @ \$400)		

## Estimated Annual Licensing Revenue:

<u>\$1,548,750</u>	<u>\$4,065,000</u>
--------------------	--------------------

Percentage of Net Revenue	1985	1985	1986	1986
	<u>City/County</u>	<u>State</u>	<u>City/County</u>	<u>State</u>

City/County				
15%- $\frac{1}{2}$ year 2,500				
(51.39/machine)	3,340,350			

State				
5%- $\frac{1}{2}$ year 2,500				
(17.13/machine)	1,113,450			

City/County				
15%- 1 year 5,000				
(51.39/machine)		13,361,400		

State				
5%- 1 year 5,000				
(17.13/machine)			4,453,800	

Net State Revenue 1985:	<u>\$2,662,200</u>	
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Net State Revenue 1986:	<u>_____</u>	<u>\$8,518,800</u>
-------------------------	--------------	--------------------

Net City/County Revenue 1985: <u>\$3,340,350</u>		
--	--	--

Net City/County Revenue 1986: <u>_____</u>	<u>\$13,361,400</u>	
--	---------------------	--

Expenditures

## Montana Department of Revenue

Computer System:	(80,000)	-0-
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## Montana Department of Revenue

Administrative Expenses:	(650,000)	(500,000)
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Net Revenue-State 1985:	<u>\$1,932,200</u>	
-------------------------	--------------------	--

Net Revenue-State 1986:	<u>_____</u>	<u>\$8,018,800</u>
-------------------------	--------------	--------------------

Net Revenue-City/County 1985: <u>\$3,340,350</u>		
--	--	--

Net Revenue-City/County 1986: <u>_____</u>	<u>\$13,361,400</u>	
--	---------------------	--

TOTAL NET REVENUE:	<u>1985</u>	
--------------------	-------------	--

		<u>1986</u>
--	--	-------------

	<u>\$5,272,550</u>	
--	--------------------	--

		<u>\$21,380,200</u>
--	--	---------------------

1	Butte-Silverbow (107)	\$714,835	29	Rosebud (28)	\$187,060
2	Cascade (143)	988,745	30	Anaconda-Deer Lodge	293,953 (44)
	Yellowstone (155)	1,035,510	31	Teton (22)	146,978
4	Missoula (128)	855,130	32	Stillwater (14)	93,530
5	Lewis & Clark (90)	601,265	33	Treasure (2)	13,363
6	Gallatin (91)	607,945	34	Sheridan (22)	146,978
7	Flathead (126)	841,770	35	Sanders (26)	173,700
8	Fergus (36)	240,505	36	Judith Basin (12)	80,170
9	Powder River (6)	40,085	37	Daniels (12)	80,170
10	Carbon (39)	260,548	38	Glacier (34)	227,145
11	Phillips (22)	146,978	39	Fallon (12)	80,170
12	Hill (41)	273,910	40	Sweetgrass (13)	86,850
13	Ravalli (46)	307,313	41	McCone (10)	66,808
14	Custer (32)	213,783	42	Carter (7)	46,765
15	Lake (53)	354,078	43	Broadwater (13)	86,850
16	Dawson (24)	160,338	44	Wheatland (14)	93,530
17	Roosevelt (29)	193,743	45	Prairie (6)	40,085
18	Beaverhead (40)	267,230	46	Granite (17)	113,573
19	Choteau (20)	133,615	47	Meagher (13)	86,850
	Valley (37)	247,188	48	Liberty (6)	40,085
21	Toole (30)	200,423	49	Park (50)	340,718
22	Big Horn (17)	113,573	50	Garfield (5)	33,405
23	Musselshell (21)	140,295	51	Jefferson (18)	120,253
24	Blaine (16)	106,893	52	Wibaux (5)	33,405
25	Madison (38)	253,868	53	Golden Valley (4)	26,725
26	Ponderay (20)	133,615	54	Mineral (16)	106,893
27	Richland (26)	173,700	55	Petroleum (1)	6,683
28	Powell (24)	160,338	56	Lincoln (53)	354,078

The above figures represent annual estimated City/County revenue using the following formula:

Number of on-premise consumption beverage licenses x \$51.39 (estimated average City/County share based on available industry statistics) x 52 weeks x 2.5 machines per license.

For the 1,941 licenses, revenue generated totals roughly 13 million.

In compliance with a written request received February 15, 1985, there is hereby submitted a Fiscal Note for Senate Bill 391 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

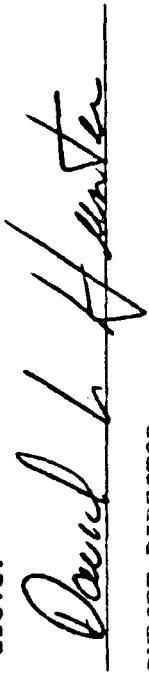
An act providing for licensing and placement of video draw poker machines; providing powers and duties for the Department of Revenue; providing for distribution of revenues; providing a penalty provision and providing an immediate effective date.

ASSUMPTIONS:

1. Data for revenue estimates were based on input from Nebraska, Illinois and 75 "Draw 80" machines located within Gallatin County. These machines were operated in the same manner as envisioned by this legislation. If 5,000 were distributed statewide based on population, there will be approximately 250 machines located in Gallatin County. It is assumed that a higher number of machines in a given area will reduce the average net revenue per machine from \$342.60 per week to \$200 per week.
2. There are currently 1,938 valid licenses for the sale of on-premises consumption of alcoholic beverages.
3. If all establishments in the state were to acquire the maximum number of machines allowed by the law, there would be 9,690 machines in the state. The total number of machines anticipated for operation in Montana during FY 87 is assumed to be 5,000.
4. The license fees paid by the manufacturer, distributor, machine owner and the licensed establishment are annual fees paid in a lump sum each year.

Revenue estimates for the first year of operation have been reduced as follows:

- a) By 10% to adjust for less business now versus 1981-82;
- b) By 7/12 of a full years operation to adjust for the phasing in of machines during the first year of legal operation;
- c) By proration of establishment licenses for the same reason as (b) above.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 19 1985

Amount of Play

Estimation of revenues from this proposal were based on input from three different sources. City administrators in South Sioux City and Bellevue, Nebraska were contacted in addition to the lottery commission in the state of Illinois. Nebraska has experienced weekly net income anywhere from \$1,600 to \$2,100 per machine. This is believed to be an upper constraint on revenues because these cities are close to large urban centers which do not allow machines.

Illinois has a test program that is experiencing weekly net revenue anywhere from \$120 to \$320 per terminal. Their machines are designed to play arcade type games instead of the traditional poker games. Illinois has purposely tried to place terminals in areas that are not conducive to video games.

Statistics from 75 "Draw 80" machines located in Gallatin County for about 26 weeks were the third source of information for this fiscal note. Net revenue from each of these machines average \$342.60 per week.

Basis for Calculation of Fiscal Impact:

<u>Per Machine</u>	<u>Annual Gross for 5,000 machines</u>
\$ 200/week	\$ 52,000,000

Average play:

<u>Distribution of the Net Income (20% of machine gross):</u>	
To State	5%
To Local Governments	15%
To Licensee	40%
To Machine Owner	40%

To State      \$ 10/week      \$ 2,600,000  
To Local Governments      \$ 30/week      \$ 7,800,000  
To Licensee      \$ 80/week      \$ 20,800,000  
To Machine Owner      \$ 80/week      \$ 20,800,000

FISCAL IMPACT DETAIL:

	<u>FY1986</u>	<u>FY1987</u>
	<u>Under</u>	<u>Under</u>
	<u>Proposed Law</u>	<u>Proposed Law</u>
Machine Licensing		
Machine Revenue @ 20%	<u>3,264,700</u>	<u>4,215,000</u>
	<u>5,460,000</u>	<u>10,400,000</u>
<b>TOTAL REVENUE</b>	<u><b>8,724,700</b></u>	<u><b>14,615,000</b></u>

Effect on Expenditures by Category:

Personal Services	<u>496,307</u>	<u>421,276</u>
Operating Expenses	<u>231,535</u>	<u>117,878</u>
Capital Outlay	<u>145,700</u>	<u>17,000</u>
<b>TOTAL EXPENDITURES</b>	<u><b>873,542</b></u>	<u><b>556,154</b></u>

Net Revenue Summary:

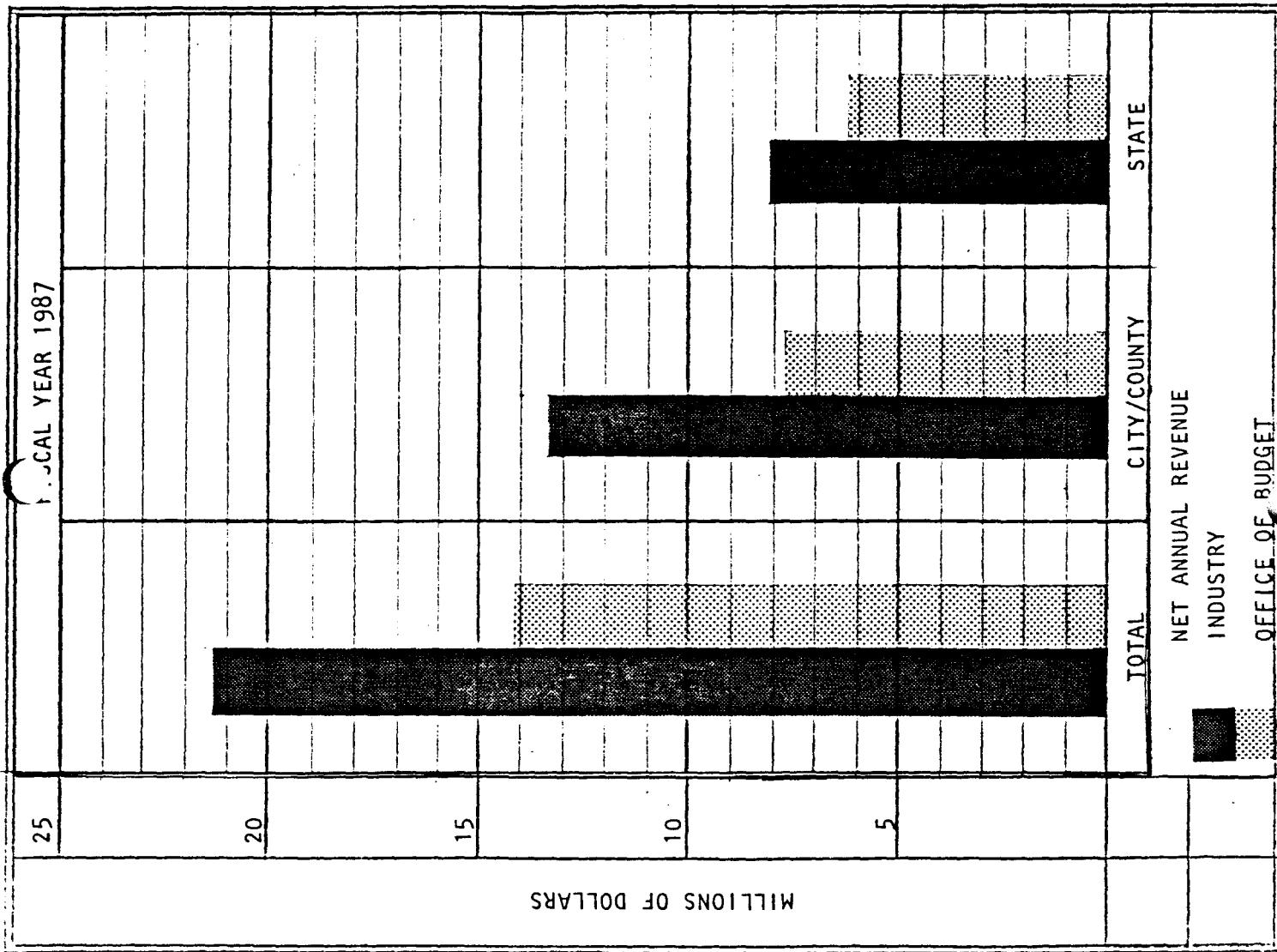
Licensing Rev.-Gen. Fund *	<u>3,264,700</u>	<u>4,215,000</u>
Machine Rev. -Gen. Fund	<u>1,365,000</u>	<u>2,600,000</u>
Total Operations - Gen. Fund *	<u>(873,542)</u>	<u>(556,154)</u>
<b>TOTAL GENERAL FUND</b>	<u><b>3,756,158</b></u>	<u><b>6,258,846</b></u>
 Machine Revenue Counties & Cities		
<b>TOTAL NET REVENUE</b>	<u><b>7,851,158</b></u>	<u><b>14,058,846</b></u>

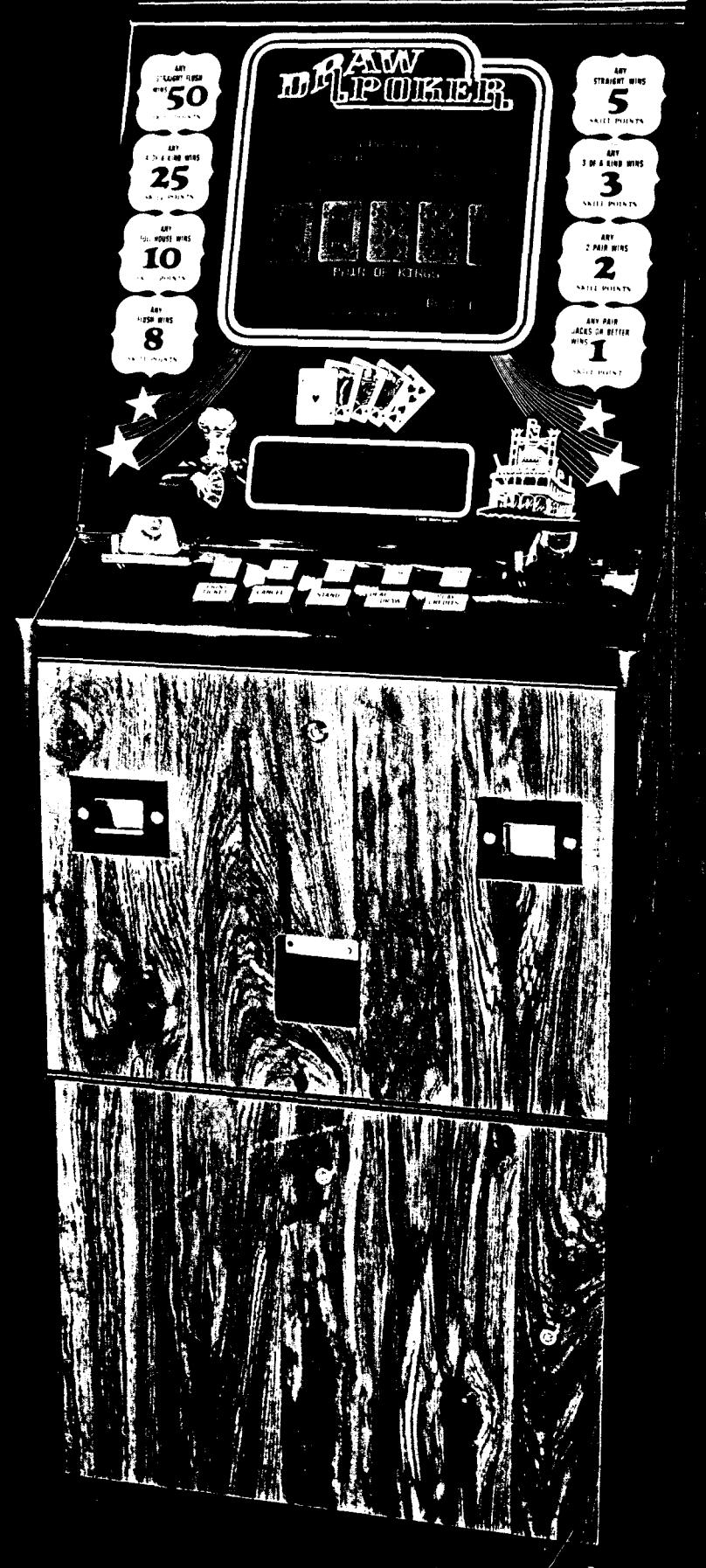
\* Section 7 of the bill requires that all operational costs are to be funded from licensing revenues. Excess licensing revenues are to be transferred to the general fund on a quarterly basis.

Individual Income Taxes:

The revenue estimates do not address the additional revenues that will be generated from income taxes on machine owners and licensed establishments. Since there should be minimal costs in operating these machines in licensed establishments, all of the earnings allowed to licensed establishments should become taxable income. If you assume income will be reported as personal income, individual income taxes on licensee net machine income should be approximately \$1.0 million per year. Because the state will have a computer record of the income by licensee, it will be possible to assure proper reporting.

Additional income tax revenues will also be generated from manufacturers, distributors and machine owners. Since anticipated operating costs are not readily available, an estimate cannot be provided. However, it is believed that additional income tax revenues would be significant.





# Video Lottery Welcomed By Nebraska City, Says Administrator

By Jeff Renner

*A video lottery has been nothing but good news for Bellevue, Nebraska, says City Administrator Jeff Renner. Revenues and employment are up, while no security breaches or social problems have been reported.*

*The following article is based on a presentation delivered by Mr. Renner at the 12th Annual National Conference on Public Gaming. The figures have been updated to reflect the city's most recent revenues.*

On September 15, 1983, the city of Bellevue, Nebraska was faced with a \$500,000 budget deficit and the loss of its city sales tax on food, the latter of which had been generating approximately \$350,000 per year.

Today, the city boasts a \$2 million surplus, a vastly expanded library book collection, a new mini-van for senior citizens and the handicapped, an additional fully-equipped fire station, an expanded parks and recreation program, and the beginnings of a senior citizens center.

The dramatic contrast between September of last year and the present is directly attributable to one year's operation of a municipal video lottery.

Over a year ago, by a vote of 77 percent to 23 percent, the voters of Bellevue approved the operation of a lottery. It was the city's choice to go with a video lottery.

In a twelve-month period, the lottery produced a gross income of \$44 million, from which the city netted \$1.96 million. With the addition of the interest earned on the funds, the city's total net exceeded \$2 million.

From a start-up with 15 video lottery

terminals, Bellevue's lottery grew to 268 units, and most recently, to 298 units. These machines are producing for the city net revenues of \$60,000 per week. On an annualized basis, the city's net video lottery revenue will exceed the amount received from the city's property tax levy. Against this income the city has had no expense or investment whatsoever.

Nebraska law allows municipalities to operate lotteries under certain stipu-

lations. These include the requirement that at least 65 percent of cash wagered be paid back to players in prizes and that no more than 10 percent of the gross income be used for expenses of any type.

Bellevue chose to go with an 85 percent payback to the players, allowed the contracting companies 10 percent from which all expenses had to be paid, and kept the balance for the city. The results, by any measure, have been immensely successful.

By way of contrast, Douglas County, which includes the city of Omaha and has a population in excess of 400,000, operated a paper lottery which had to be terminated due to excessive losses. Bellevue, on the other hand, if it continued its current video lottery, would be able to eliminate entirely property taxes within the city.

Additional revenue and tax relief have been only two of the tangible benefits realized by the city from its video lottery. The employment base has increased substantially during the period of lottery operation and unemployment is negligible in the Bellevue area.



City Administrator Renner says local video lotteries may be key to future lotteries in the U.S.

## Bellevue Video

At the same time, Bellevue has consistently led both the metropolitan area and the entire state of Nebraska in economic activity during this period. Operating locations and agents have received payments of \$1.65 million and day tourism from Iowa and Missouri has increased significantly. Informal surveys have indicated that more than 50 percent of the license plates on cars observed at lottery locations were from outside the city of Bellevue.

A scientific sampling of Bellevue voters found overwhelming acceptance of the lottery. Sixty-one percent of the respondents said they were in favor of the lottery, 24 percent were opposed, and 15 percent had no opinion. Every category of respondent—broken down by sex, age, income and party registration—indicated very favorable opinions of the lottery.

Middle income and upper middle income players were found to be the biggest supporters. Interestingly enough, it was neither the poor nor the wealthy who were playing the video lottery machine, but rather the upwardly mobile young people with incomes in the \$25,000 to \$35,000 range.

### Unfounded Fears

Last year the Omaha World Herald, which is the only daily newspaper in the area, waged an almost daily campaign against Bellevue's video lottery. The press emphasized all of the potential negative effects of the lottery operation and predicted a significant increase in crime and social problems as a result. However, 12 months of experience have seen just the opposite.

There was no increase in crime. There was, in fact, an actual decrease in crime within the city.

Police Department statistics for 1984 were compared with the corresponding period of 1983 for those categories of crime that could possibly be gambling related. These included robbery, burglary, and thefts including shoplifting and petty and grand larceny.

The statistics indicate that during the operation of the lottery there

were 744 such crimes in the city limits, compared to 747 for the same period the year earlier—a decrease of one-half percent. This fact is even more incredible when one considers that the city's population increased nearly 50 percent during that period. Due to annexation, the city's population grew from 21,000 to 32,000. Therefore, what we have actually seen is a large relative decrease in crime during the period of video lottery operations.

The city's human services department has recorded no increase in applications for assistance during this same period. There have been no reported instances of gambling-related poverty.

\$1,000 per unit per week.

Bellevue's favorable experience may be due to the fact that the games used are quick, simple and traditional games such as poker, keno, and flash-card—games with which the potential player is already familiar. Players apparently prefer to play quickly and to learn quickly if they have won. The relatively high lottery payback of 85 percent may also be an important factor.

Much of the success of Bellevue's video lottery can be credited to the contractors and manufacturers. While several manufacturers can competently produce the required equipment, the key element has been management, not machines. IGT

*"While several manufacturers can competently produce the required equipment, the key element has been management, not machines."*

Jeff Renner

Unemployment in the city decreased and real employment grew by 4 percent.

Perhaps more importantly, the legal operation of the video lottery has diverted funds which previously circulated in the illegal underground sector of the economy into the legal sector. Consequently, business activity indicators are up 15 percent and the city has noted a sharp increase in sales tax receipts on a per capita basis.

### Weekly Gross

Bellevue's lottery is operated by contracts with two private companies: IGT Nebraska and Video Consultants of Nebraska. IGT Nebraska operates machines manufactured by International Game Technology of Reno. Video Consultants operates machines produced by Electro-Sport.

The gross cash revenues (quarters played) are currently running at just over \$4,000 per machine per week. IGT units are producing gross revenues of \$4,250 weekly; Video Consultant's units are producing gross revenues averaging \$3,700 per week. By contrast, in early fall the Illinois video lottery produced revenues of approximately

Nebraska, for example, opened a local headquarters, recruited and trained local management, and did all its business locally. This helped solidify public acceptance of the entire lottery operation.

Perhaps more governments should consider the option of locally-operated video lottery, as opposed to statewide lotteries of all types. Public acceptance is more easily secured with a local lottery, and the local option allows each community to make its own decision.

A large bureaucracy is not necessary to operate a local lottery and no investment or expense is needed on the part of the government. In addition, competition is given freer reign as each locality chooses the equipment and contractor, eliminating vendor monopoly at the state level.

If the experience of Bellevue, Nebraska can be seen as a microcosm of the nation, the local video lottery would appear to hold the key to success for the future of lottery in the United States.

PG

*Mr. Renner is the City Administrator for the city of Bellevue.*

EXHIBIT 3  
BUSINESS & INDUSTRY  
February 21, 1985

# **LOYAL ORDER OF MOOSE**

MONTANA MOOSE ASSOCIATION

I'm Edward C. Buller from Great Falls. I represent the Loyal Order Of Moose for the State of Montana. We have 22 Moose Lodges over 10,000 members plus ladys.

We support Senate Bill 391, because

1. Placement of Video Poker Machines in liquor licensed establishments.
2. Limit up to 5 machines per establishments.
3. Net profits - State , County and city Governments, licensed establishments and the machine owner.
4. Fines, if machines are adjustable as to percentage of profits and payoffs.

The Moose Lodge is a fraternal organization, they do civic affair service in their community, in the last two years, in Montana the lodges donated over \$100,000.00 in cash and man hours for organization, such as handicap children, Boy & Girl Scouts, M.D.S., Arthritis, Children receiving homes and etc.

We hope thatthe Business and Industry committee will support this bill.

  
Edward C. Buller



**Beaverhead**  
Chamber of Commerce

P.O. Box 830

DILLON, MONTANA 59725

406/683-5511

EXHIBIT 3  
BUSINESS & INDUSTRY  
February 21, 1985

Honorable Members of the Legislative,

This letter is to acknowledge that Anne Williams will speak on behalf of the Beaverhead Chamber of Commerce in support of the Video Poker Control Act.

We, as a county organization, like many communities and counties have felt the economic crunch and feel that poker machines are socially desireable as well as economically necessary.

Respectfully yours,



Karen Castleman  
President  
Beaverhead Chamber of Commerce  
February 20, 1985

DALE M. HUBBER  
COUNTY ATTORNEY

OFFICE OF  
COUNTY ATTORNEY

PRAIRIE COUNTY  
TERRY, MONTANA 59349

PHONE 637-2160  
BOX 215

February 19, 1985

EXHIBIT 4  
BUSINESS & INDUSTRY  
February 21, 1985

Senator Mike Halligan  
Business and Industry Committee  
State Capitol  
Helena, Montana 59601

Dear Senator Halligan:

I have been provided a copy of Senate Bill 391, which has been introduced in the Montana Legislature, dealing with electronic "poker machines".

While I am not necessarily in favor of electronic "poker machines", and therefore, am not necessarily in favor of this Bill, I feel that if the Legislature does favor electronic "poker machines", Senate Bill 391 is the best legislation that I have seen to date.

My main complaint in the past has been that there was so much ambiguity in the law that interpretation had to be left up to each individual County Attorney, and these interpretations varied widely. In my opinion, this Bill helps to solve this ambiguity.

If the Legislature is in favor of electronic "poker machines", Senate Bill 391 does a good job of telling everyone involved what the law is.

Very truly yours,

DALE M. HUBBER

DMH/pb

February 18, 1985

Senator Mike Halligan  
Chairman  
Business & Industry Committee  
State Capital  
Helena, Montana 59601

Dear Senator Halligan;

We, the undersigned Tavern owners in Miles City, Montana support Senate Bill 391.

250-3736 Ed Bradley Teal Inn

Jim Kivim Powder River Inn 436-2229  
In absentia

Jacob Klamm Barney's Bar

Bob Sterling Montana Bar 436-2454  
In absentia

Myron L. Parker Parker Bar  
In absentia

Shirley Bickel Big River Inn 637-4913  
In absentia

757-3233 Steve Stevenson Curly's Inn

Don Bickel Feed Lot Bar 486-5400  
In absentia

232-4913 No 17 Tugger - Moose Club

Don Virel Yellowstone Bar & Grill 637-4913  
In absentia

Dixie Stard Montana Bar

June Newman JJ's Bar & Grill 485-2016  
In absentia

Martin R. Nelson Eagle Lodge 885

Ronald Hedstrom Iron BJ 485-3519  
In absentia

Dale Bond V.F.W Club 485-3550  
In absentia

Louie Portrias V.F.W. Cootie Club 653-1671



EXHIBIT 4  
BUSINESS & INDUSTRY  
February 21, 1985

R. G. Mitchell, Jr.  
Miles City, Montana 59301

February 19, 1985

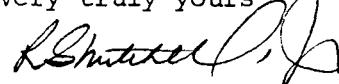
Senator Mike Halligan  
Chairman, Business and Industry Committee  
Helena, Montana 59601

Dear Senator Halligan:

I am writing you to urge your support and your committee to approve Senate Bill No. 391 ("An Act Providing for Licensing and Placement of Video Draw Poker Machines;\*\*"), and to recommend to the entire Senate its passage.

I am a member of the City of Miles City, City Council and I am chairman of its Finance and Administration Committee, therefore I am constantly looking for new ways to finance our city without raising taxes on real property. I am aware that House Bill No. 236 will provide that local government may license the poker machines, but I feel that SB No. 391 offers better controls and regulations on the machines and the money that is put into the machines. It is also my opinion that SB No. 391 is a more equitable way to tax the machines which receives a lot of play vs a machine that receives a little play.

Very truly yours



R. G. Mitchell, Jr.

Alderman for Ward 3 of the City  
of Miles City, Montana

Support for SB 391

2/19 Willi Zeller Glasgow Mayor

2/20 Mayor of Lewistown & Councilmen

2/20 Katherine Leedahl, Miles City  
We need additional revenue

2/20 Chris Levenson - Somers, Mt.  
Sole proprietor of 60 ~~people~~ employees  
Needs the extra rev.

2/20 Bab Holts - gen mgr Big Sky Resort

2/20 Arnie Hove 485-2951

2/20 Kathy Kohlbeck - Corp.

2/20 Rico Boyman

2/20 Bob Bradley - Miles City

2/20 George Vovel - Tug

2/20 Mayor Kunkowski - miles city

2/20 Duayne Ludahl Miles city

2/20 Willard Simons - Eagles 257-9265

2/20 Jean Koski W. Yellowstone

Support 391 Page 2

4/20 Vernon Stevenson Kirby

2/20 Wayne Soren Manhattan

2/20 Shirley Legg Malta

2/20 Curtis Myran - Miles City, Mt.

2/20 Beverly Lindholt Miles City, Mt.

2/20 Pete Liberdadannis - Cozman Mt  
Stombonis Pizza - Favus SB 391

2/20 Joe MacLean Cutbank, MT  
Mayor.

2/20 Mike Bell City of Shelby Shelby Mt.  
Favors SB 391

2/20 Len Hafford Miles City SB 391  
City Engineer

2/20 Bill McFarley Fund Ber. Kalispell SB 39

2/20 Warren Alexander Kalispell

2/20 Bruce Kresna Slickens Lounge - Kalispell

2/20 Jim Cyr - Mt. Lodge - Big Sky, Montana

2/20 Rich Mikkelson - Scobey

2/20 George Vanderven - Mays Chinoak  
bar business for 20 years \*Put percentage  
rate 10 or 15%.

\* Do not take more than 15% dollars in  
machine.

\* Bar owners buy own machines

3/20 Charles Richards Miles City

2/20 John Scottsdale Bozeman

2/20 Wm. Stubblefield Miles City  
Terry "

Hardy " " ad support  
Nora "

2/20 Marvin Brunk Miles City

2/20 Eagle Lodge St. Falls -

2/20 Jim Harper - Adm Town of Boulder

2/20 Dan Leidhaf Miles City

2/20 Dale Mogen Sidney

2/20 Lyle Bennett Miles City

2/20 Bruce Kosena <sup>Shuckey's</sup> Conroy Kalispell

2/20 Tim Jr Big Sky Mt. Lodge

4/20 Rick Mcketson Scobey

4/20 Elks Great Falls - Glen Wind

4/20 Mn. Dayson

4/20 Rick Himes Mida 721-5120

4/20 Ron Miller Miles City

4/20 Ester Johnson Miles City

4/20 Kathy Wellington Town Clerk Browning

4/20 Dorothy Jack Harmon 4 Corners lounge Kalispell

2/20 Mayor Whitlock - Hamilton

2/21 Diana Tooke - Can't testify . distended about need to have to have more demonstration . feel local govt needs one

1.5

( 2/2, Sanders County supports  
2/21 City of Thompson Falls supports  
2/21 Chuck Worley

Joint Citizen Bank Salem

Bell System		Call Memo	CS-20 (10-80)
To <i>Mike</i>			
From <u>George Vandeven - Mayor, Chinoak</u>			
Tel. No. (      ) <u>357-3160</u>		Ext.	
<input type="checkbox"/> URGENT		<input type="checkbox"/> Will Call Later	
<input type="checkbox"/> Called		<input type="checkbox"/> To See You	
<input checked="" type="checkbox"/> Please Call		<input type="checkbox"/> Was Here	
<input type="checkbox"/> Returned Your Call		<input type="checkbox"/> Repro.	
		<input type="checkbox"/> Graphics	
		<input type="checkbox"/> WP Ctr.	
		<input type="checkbox"/> Comm. Ctr.	
		<input type="checkbox"/> _____	
Rec'd By <i>George</i>		Date <u>2-20</u>	Time <u>10:40</u>

Re: SB 391 support.

in business for 20 years

Put machines on a percentage

rate ~~20%~~ 10 or 15%

~~Ames~~ + Not like > than 15% dollars

in machine

we macking

\* Borrowers buy own machines

State of Montana

# County of Gallatin

Bozeman



February 20, 1985

EXHIBIT 5  
BUSINESS & INDUSTRY  
February 21, 1985

Representative Mike Halligan, Chairman  
Business and Industry Committee  
House of Representatives  
State Capitol  
Helena, MT 59620

Dear Representative Halligan:

Please vote in favor of SB 391. I believe that the gambling machines would be adequately monitored and I believe they would provide a much needed source of revenue for local governments.

Sincerely,

*Jane Jelinski*  
Jane Jelinski  
County Commissioner

JJ:vj

(This sheet to be used by those testifying on a bill.)

NAME: LYNN M. SECURE DATE: 2/21/85

ADDRESS: 502 Train Blg

PHONE: (406) 727-4224

REPRESENTING WHOM? Cascade County Tavern Assoc

APPEARING ON WHICH PROPOSAL: SB. # 391

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE?

**COMMENT:** \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

EXHIBIT 6  
BUSINESS & INDUSTRY  
February 21, 1985

(This sheet to be used by those testifying on a bill.)

NAME: Lewis Perino DATE: 2/21/85

ADDRESS: Butte Mont

PHONE: 782 5544

REPRESENTING WHOM? Perino's Amusement

APPEARING ON WHICH PROPOSAL: SB 391

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE?

**COMMENT :** \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 7  
BUSINESS & INDUSTRY  
February 21, 1985

TO: Chairman and Members of the Senate Business  
and Industry Committee

From: Art Kusseman, 409 South Montana, Helena, Mt., 59601

Date: February 21, 1985

Subject: Senate Bill 391

I am opposed to the passage of this bill for the following  
reasons:

1. It expands gambling in the state of Montana, contrary to  
the wishes of the majority of Montana citizens, as expressed  
in the 1982 vote on Initiative 92.

It is not a good government if a minority of well paid, well  
organized SPECIAL INTEREST citizens are successful in imposing  
their will on the total population of the state.

2. The social costs which accompany a pattern of gradually ex-  
panded gambling are not helpful.

I refer to an increase in the number of welfare recipients,  
an increase in the number of robberies and crime generally,  
in areas where there is a heavy schedule of gambling.

The trend currently is an increase in the number of compulsive  
gamblers in the United States.

Expanding gambling in the state will encourage that trend.

Statistics show the number of suicides among gamblers is  
twenty times as high as that among the population at large.  
Expanding gambling in Montana will encourage that trend.

3. Another bureaucracy will be established if this bill becomes  
law.

Expanded gambling is accompanied by increased expenditures  
for law enforcement and regulation, usually on all levels of  
government.

4. Money is spent on gambling by individuals who need the money  
for necessary family expenses of food, clothing, and shelter.

Expanded gambling encourages this tendency.



PROPOSED AMENDMENTS TO SENATE BILL #391

EXHIBIT 9  
BUSINESS & INDUSTRY  
February 21, 1985

Page 8.

Following: line 25

Insert: "(2) After June 30, 1988, the net machine revenue derived from a video draw poker machine must be distributed as follows:

- (a) 33 1/3% to the machine owner;
- (b) 33 1/3% to the licensed establishment in which the machine is located;
- (c) 33 1/3% to the department to be distributed as follows:
  - (i) 25% of the 33 1/3% to the state general fund; and
  - (ii) 75% of the 33 1/3% to the general fund of the city or town in which the machine is located or of the county if the machine is not located in a city or town.

Renumber: subsequent subsections

February 21, 1985

OPPOSED to Senate Bill 391

Testimony of Rev. George Harper, on behalf of the United Methodist Churches of Montana.

A House full of "Representatives" always faces the question: "Who shall we represent?"

We would like to urge the Montana Legislature to consider representing the people of the state when considering the gambling issues before them.

Quite plainly, the people said in an almost two-to-one vote on the recent Initiative 92 that they do not want machine gambling, nor do they want the State of Montana to be running a gambling business.

At present, the only question about representation seems to be: shall we listen to the sophisticated video-machine suppliers, or, shall we represent the Tavern Owners who want old fashioned-type slot machines included with the electronic devices?

The majority of the people want neither.

We back this stand our people have taken consistently. So do many business people who know that the money that goes into gambling will come out of their pockets eventually.

Any money that Montanans lose on any of the forms of gambling the legislature may choose is money NOT spent or given somewhere else in our economy. This is one more bill for another carnival coming through town to siphon off money from legitimate business. Only this one is permanent.

Gambling produces no wealth; it just keeps sucking money from other businesses of the state. And, worse than that, with the state in the gambling business we throw the resources of our state behind a constant effort to persuade our citizens to divert their money away from legitimate business. That is why, after a time of wide-open gambling that this legislature seems ready to vote in again, the business community of Montana rose up in 1950 and said "we are not being played for suckers any longer," and closed this state as tight as could be against gambling.

Why not lock some barn doors before all our horses are gone?

Montana is doing just fine as Montana. We don't need to be a northern Nevada.

*George Harper*

EXHIBIT 11  
BUSINESS & INDUSTRY  
February 21, 1985

Amendment to Senate Bill 349, Introduced Bill

1. Page 5, line 4  
Strike: lines 4 through 8

Amendments to Senate Bill 349, Introduced Bill

EXHIBIT 12  
BUSINESS & INDUSTRY  
February 21, 1985

1. Page 5, line 5

Following: "17-5-1529

Strike: "whose cost or appraised value"

Insert: "for which the financing to be provided by the board"

# STANDING COMMITTEE REPORT

FEBRUARY 21

85

19

MR. PRESIDENT

We, your committee on **BUSINESS & INDUSTRY**

having had under consideration..... **SENATE BILL** ..... No. **404**

first reading copy ( white )  
color

**PERMITTING BOARD OF REALTY REGULATION TO CHANGE LICENSE RENEWAL DATE**

**SENATE BILL**

**404**

Respectfully report as follows: That..... No.....

DO PASS

~~RECOMMENDATION~~

**STATEMENT OF INTENT IS ADOPTED AND ATTACHED**

**Mike Halligan**

Chairman.

# STANDING COMMITTEE REPORT

FEBRUARY 21

85

19

MR. PRESIDENT

## BUSINESS & INDUSTRY

We, your committee on .....  
having had under consideration.....

SENATE BILL

349

No.

first

reading copy ( white )  
color

## AUTHORIZE ECONOMIC DEVELOPMENT BOARD TO GUARANTEE BONDS OR LOANS

Respectfully report as follows: That.....

SENATE BILL

349

No.

be amended as follows:

1. Page 5, line 5.

Following: "17-5-1529"

Strike: "whose cost or appraised value"

Insert: "for which the financing to be provided by the board"

AND AS AMENDED

DO PASS

X DO NOT PASS

Mike Halligan

Chairman.

ROLL CALL VOTE

SENATE COMMITTEE

BUSINESS & INDUSTRY

Date February 21, 1985

Bill No. 349

Time 11:45 a.m.

NAME	YES	NO
Chairman Mike Halligan		X
V-Chrm. B. F. Christiaens		X
Senator Paul Boylan		X
Senator David Fuller		X
Senator Delwyn Gage	X	
Senator Pat Goodover	X	
Senator Allen Kolstad	X	
Senator Ted Neuman		excused
Senator Gene Thayer	X	
Senator Bob Williams		X
Senator Cecil Weeding		X

Carol Duval  
Secretary

Mike Halligan  
Chairman

Motion: Motion by Senator Thayer to pass the amendment  
strike line 4 through 8 on page 5, line 4 of the Senate Bill 349.  
Motion failed 6 to 4.

# STANDING COMMITTEE REPORT

FEBRUARY 21

19 25

MR. PRESIDENT

## BUSINESS & INDUSTRY

We, your committee on .....  
having had under consideration.....

SENATE BILL

355

No.....

first reading copy ( white )  
color

## REGULATION OF TIME SHARE INDUSTRY PROVIDING FOR REGISTRATION AND LICENSE

Respectfully report as follows: That.....

SENATE BILL

355

No.....

XXXXXX

DO NOT PASS

Mike Halligan

Chairman.