

# MINUTES

## MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

### COMMITTEE ON JUDICIARY

**Call to Order:** By Chairman Dick Pinsoneault, on March 6, 1991, at 10:05 a.m.

### ROLL CALL

**Members Present:**

Dick Pinsoneault, Chairman (D)  
Bill Yellowtail, Vice Chairman (D)  
Robert Brown (R)  
Bruce Crippen (R)  
Steve Doherty (D)  
Lorents Grosfield (R)  
Mike Halligan (D)  
John Harp (R)  
Joseph Mazurek (D)  
David Rye (R)  
Paul Svrcek (D)  
Thomas Towe (D)

**Members Excused:** none

**Staff Present:** Valencia Lane (Legislative Council).

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Announcements/Discussion:**

### HEARING ON SENATE BILL 427

#### Presentation and Opening Statement by Sponsor:

Senator Del Gage, District 5, said SB 427 was requested by the Department of Justice (DOJ). He explained that the bill deals with gaming industry issues that the Gaming Advisory Council did not have time to address.

#### Proponents' Testimony:

Bob Robinson, Administrator, Gambling Control Division, DOJ, provided a bill summary and written testimony in support of SB 427 (Exhibits #1 and #2). He advised the Committee that HBs 958, 919, and 673 all deal with some of the same issues in SB 427.

Mr. Robinson told the Committee that SB 431, passed in 1989, was a "broad sweep and resulted in some confusion". He said SB 427 tries to address the remaining policy issues, and that he believes the Legislature needs to set public policy.

Mr. Robinson stated that the Gambling Control Division only provides information stated on the license itself, and not information in application or tax files. He explained that subsection (1)(f) in Section 3 of the bill allow release of some criminal information. Mr. Robinson added that the Division has no use for Department of Revenue (DOR) tax information.

Mr. Robinson further stated that Sections 6 and 7 of the bill provide clarification for licensure and require applicants to pay the cost of a background investigation. He advised the Committee that a February 20 court directive clarified that the Division has the authority to approve a premise.

Mr. Robinson said Sections 12 and 13 limit promotional prizes, and Section 14 would allow inspection of electronic equipment for which there are presently no standards. He stated that Sections 17-21 legalize casino nights, but recognize the conflict with the Indian Gaming Regulatory Act concerning roulette and craps.

Arnold Wiley, District Director, Internal Revenue Service, Montana, read from a prepared statement in support of SB 427 (Exhibit #3). He said compliance with state and federal income tax laws is assumed, but is not always being done by people in the gaming industry. Mr. Wiley stated he would like to be able to obtain information from DOJ to assist in identifying those not in compliance. He said this information would also help to identify true owners of gambling establishments and those with financial interests in them. Mr. Wiley commented that some of these interests may be using Montana businesses to launder money from other illegal businesses outside the state. He further commented that there is a legal and moral obligation on the part of IRS concerning confidentiality.

Jeff Miller, Administrator, Income and Miscellaneous Tax Division, Department of Revenue, said information from DOJ would help identify targets of non-compliance, and could substantially improve audit revenue.

Mike Sherwood, private attorney, Missoula, said he was present representing Ronald Ulrich who paid \$125,000 for a liquor license and had committed to lease gambling machines. He explained that DOR approved the premises for a liquor license and remodeling began in April 1990. Mr. Sherwood advised the Committee that when the Gambling Control Division realized there was more than one license and that there were four internal entrances comprising 30 feet of approximately 70 feet, it adopted a rule (without Mr. Sherwood's knowledge and without going to rulemaking authority) which affected his client, Mr. Ulrich.

Mr. Sherwood said he represents about 40 small businesses of which about 18 have licenses. He stated Section 7 of the bill needs clarification for his client, and advised the Committee that Judge Henson of Missoula stamped his approval on the DOJ rule. Mr.

Sherwood suggested that more direction is needed as to whether or not an entrance must be locked, how wide it should be, etc. He said it is very hard to transfer a liquor license to new premises because fire, health, revenue, and justice departments must be contacted for approval. Mr. Sherwood told the Committee he believes, however, the bill does clear up a lot of problems.

Chairman Pinsoneault suggested to Mr. Sherwood that he draft amendments for executive action.

Harley Warner, Montana Association of Churches, read from prepared testimony in support of SB 427 (Exhibit #4).

John Blair, Yellowstone County Tavern Association, said the loopholes in SB 431 (1989) would be closed by SB 427. He stated he believes the price of beer licenses will escalate tremendously for the intent of doubling the number of gaming machines in establishments.

Jim Gusick, Gaming Advisory Council, told the Committee he fully concurs with DOJ, but wanted language reinserted in Section 5, page 13, line 2, subsection (4). He asked the Committee to thoroughly consider Section 10, on pages 16-19, and recommended leaving Sections 12 and 13, pages 19-20, in the bill. Mr. Gusick further recommended amending the new section to stated that raffles will be strictly for non-profit organizations and not commercial enterprises.

Mark Staples, Montana Tavern Association, said he believes the majority of operators run tight and clean law-abiding operations. He further stated he believes this legislation will weed out those who don't. Mr. Staples said he supported the section on stacking of licenses, and agreed with the DOJ definition of premise. He agreed with and supported the statements made by John Blair concerning accelerated cost of beer licenses, and by DOJ on vertical integration.

Ludlow Kramer, Big Sky Games, advised the Committee he has been in the bingo business in Washington for 16 years, and in Montana for 3 years. He said Sections 12 and 13, setting limits on promotions, is a good idea, and told the Committee his company is paying out \$46,420 in free promotional games in Montana this year.

Mr. Kramer commented that he is talking about clean, carpeted bingo halls, whose clients average 41 years of age. He suggested three alternatives to the bill: 1) creating a \$100/day cap or \$1000/month; 2) creating a percentage system whereby operators cannot pay out more than a certain amount of profit (as done in Washington); 3) allowing the same payout for bingo as for keno.

Mr. Kramer told the Committee that Malmstrom Air Force Base in Great Falls has a \$5,000 and \$10,000 bingo game, and that Indian reservations can do the same. He said his halls drew 48,270 people to bingo last year.

Chris Kolstad, Montana Jaycees, said he also represented other non-profit organizations in the Conrad, Shelby, Choteau area. He stated that Section 18 of the bill would take away the uniqueness and allure of casino nights. He also suggested amending line 2, page 23, Section 18 to include dice games and other games of chance, except slot machines.

John Poston, Montana Coin Machine Operators Association, said he believes coin operators are adequately regulated at this time, but supports the remainder of the bill. He told the Committee he had great concerns about (d) and (f) in Section 4 of the bill allowing publicity as to where a licensee gets financing. Mr. Poston said he spoke with members of the press who feel the same way, and added that he believes there is a lot of mischief here.

Mr. Poston advised the Committee that there are at least three house bills addressing this situation. He called Section 25 to the attention of the Committee, and asked if the bill was an "elusive search for more FTEs. Mr. Poston stated he felt it was very unfair to be policed from revenue gained from the coin-operator part of the industry.

Joe Roberts, Don't Gamble with the Future, said he supported adequate enforcement of gambling laws in the state, and that he sees it as a natural progression from SB 431 (1989). He commented that he believes DOJ has addressed and defined problem areas to the best of its ability, but also believes some predictability is needed as stated by Mike Sherwood.

#### Opponents' Testimony:

Larry Akey, Gaming Industry Association of Montana, said the Association supports strong regulation and enforcement, as long as it is necessary and benefits the public and Association members. He advised the Committee that the Gaming Advisory Council met over a period of 16 months, but was unable to reach agreement in certain areas. Mr. Akey also commended their efforts.

Mr. Akey explained amendments proposed by the Association (Exhibit #5). He commented that a fish derby would be a gambling activity, as it involves chance. Mr. Akey stated that amendments 2-4 address illegal gambling devices or activity. He said the if the Committee adopts language in SB 427, a restaurant with a decorative roulette wheel hanging on the wall would be in violation, and a craps table covered with glass to serve as a coffee table would be an illegal gambling device. He asked the Committee to give serious consideration to the amendments.

Mr. Akey said amendment 5 addresses premises, and leaves out financial independence language. He explained that a pizza parlor and bar in Laurel share a common kitchen, and if SB 427 passes one of those businesses would have to close. Mr. Akey advised the Committee that this is the first time he heard DOR or IRS request availability of information, and said he had no problem with this.

Mr. Akey told the Committee there is no economic benefit in having an operators' license by itself, and asked them to reinstate Section 7. He said amendment 10 allows already stacked businesses to continue to operate, and amendment 13 would strike policy issues in Sections 9 and 10 of the bill.

Mr. Akey said the Association suggested issuing a multiple operators license for each establishment, or utilize South Dakota's solution of separate categories for licenses. He said he would be happy to work with DOJ on this language, and commented that Section 10 attempts to address a problem which does not exist.

Mr. Akey advised the Committee that there are 1,667 sellers in Montana. He said \$500,000 is not unreasonable to open up a full-fledged casino, and that there is a much higher financial barrier to get into ranching. Mr. Akey commented that price and product diversity are established by the Legislature, and said no measure of competitiveness is not met by the gaming industry.

Mr. Akey further commented that he believes problems do exist further up the chain, but not at the operator level. He said there are other ways to address market concentration, and added that bingo is a distinct promotional game. Mr. Akey then asked if keno and free poker promotions cause any harm. He also asked the Committee to consider any or all of the proposed amendments.

#### Questions From Committee Members:

Senator Svrcek asked how the Connecticut case related to casino nights. Bob Robinson replied that the courts ruled in two occasions that the state must negotiate with the tribes to enter into a compact to allow opening of casinos.

Senator Svrcek asked if presently the Division can come into an establishment at any time and look at any and all records, and without a warrant. Bob Robinson replied the an inspection is different from a search. He stated access to premises is a standard working situation which is proposed in the bill.

Senator Svrcek asked how Section 11 is different now. Bob Robin replied the Division is doing this now, but some operators object, and it is not clear in the law.

Senator Brown asked if Section 4 of this bill would help monitor laundering of illegal proceeds from other states. Mr. Wiley replied it would.

#### Closing by Sponsor:

Senator Gage, advised the Committee that the Legislature needs to address policy issues brought up by Bob Robinson an Larry Akey. He commented that "Chapter 10" on page 5, line 5 should be "part 10", and said "seized by departmental agent" on line 1, page 10, should be changed to include "local law enforcement". Senator Gage

stated subsection (4) on page 13, should include non-profit, and the LC# on page 25, Section 25, should be HB 119.

### HEARING ON HOUSE BILL 101

#### Presentation and Opening Statement by Sponsor:

Representative Angela Russell, District 99, said HB 101 deals with 61-8-714, MCA, driving under the influence. She advised the Committee that Section 2 on page 5 of the bill deals with 61-8-722, MCA, driving with excess blood alcohol concentration.

Representative Russell said the Joint Interim Subcommittee on Juvenile and Adult Detention found that 26 percent of the jail population is DUI offenders. She commented that subsection (7) on page 4 of the bill says the court "may" order that jail terms be served in another facility. She told the Committee Sections 2 and 7 of the bill contain the same language.

#### Proponents' Testimony:

Mark Staples, Montana Tavern Association, said he participating in the hearing of HB 101 in the House Judiciary Committee, but did not see the amendment "with the concurrence of the defendant". He advised the Committee that he would support the bill with this amendment.

#### Opponents' Testimony:

There were no opponents of HB 101.

#### Questions From Committee Members:

Senator Mazurek asked why the defendant must concur. Mr. Staples replied that he served as state coordinator to revamp the jails, and believes defendants should have the right to oppose alternative sentencing.

Chairman Pinsoneault asked if HB 101 dovetails with other legislation on alternative sentencing. Mark Staples replied it does, but this bill has to do with where defendants are housed and seems to be directed at DUI offenders.

Senator Towe commented that the provision is in one place, but not in the second. Mark Staples replied it should be in both.

Senator Towe asked if there were any reason why defendant concurrence is not covered by the fact that the judge "may" order. Mark Staples replied it still gives the court the say, and asked if the Alpha House in Billings has a constitutionally mandated exercise yard.

Senator Halligan advised Senator Towe that when the Interim Subcommittee went to Yellowstone County, they discovered that DUI offenders were being put in halfway houses in violation of the law. He said the Interim Subcommittee is trying to give the courts the discretion.

Closing by Sponsor:

Representative Russell told the Committee that Chris Christians, Pre-Release Center, Great Falls, was a proponent when the bill was heard in the House Judiciary Committee, and was responsible for language inserted on page 5.

HEARING ON HOUSE BILL 102

Presentation and Opening Statement by Sponsor:

Representative Angela Russell, District 99, said HB 102 was requested by the Joint Interim Subcommittee on Adult and Juvenile Detention, and allows a choice of treatment programs for repeat offenders. She stated that, under current law, repeat offenders must receive treatment through Department of Institutions approved programs, and not Veterans Administration or Indian Health programs. Representative Russell commented that HB 425 in 1989 created a monopoly for state-approved programs.

Proponents' Testimony:

Darryl Bruno, Administrator, Drug and Alcohol Abuse Division, provided written testimony in support of HB 102 (Exhibit #6). He said there are currently 34 state-approved treatment programs and that 24 of those can also conduct DUI schools.

Mr. Bruno said the Division has established standards for chemical dependency education programs, and that he supports the bill as it is written. Mr. Bruno commented that there are also qualified chemical dependency counselors in private practice, and with the VA, Indian Health, and Ridgeview in Butte.

Patricia Bradley, Montana Magistrates Association, stated her support of the bill.

Opponents' Testimony:

There were no opponents of the bill.

Questions From Committee Members:

There were no questions on the bill.

Closing by Sponsor:

Representative Russell said she believes HB 102 is a good bill, and asked the Committee to give it a do pass recommendation.

EXECUTIVE ACTION ON HOUSE BILL 102

Motion:

Discussion:

Amendments, Discussion, and Votes:

Recommendation and Vote:

Senator Mazurek made a motion that HB 102 BE CONCURRED IN. The motion carried unanimously. Senator Halligan was asked to carry the bill.

HEARING ON HOUSE BILL 221

Presentation and Opening Statement by Sponsor:

Representative Howard Toole, District 60, said HB 221 raises from \$10 to \$25 the amount of worked-time for traffic offenses. He told the Committee he believes it is a good concept.

Proponents' Testimony:

Peter Funk, Office of the Attorney General, told the Committee that HB 292 changed Title 46 of the criminal procedure code to reduce fines at the rate of \$25 per day, and that HB 221 is an effort to remain consistent with that legislation. He said the fiscal note shows that the Highway Patrol paid higher incarceration costs during the last biennium, and the HB 221 should alleviate this.

Opponents' Testimony:

Patricia Bradley, Montana Magistrates Association, stated her support of HB 221.

Questions From Committee Members:

There were no opponents of the bill.

Closing by Sponsor:

Representative Toole made no closing comments.

EXECUTIVE ACTION ON HOUSE BILL 221

Motion:

Discussion:

Amendments, Discussion, and Votes:

Recommendation and Vote:

Senator Brown made a motion that HB 221 BE CONCURRED IN. The motion carried unanimously. Senator Pinsoneault was asked to carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 101

Motion:

Senator Towe made a motion that HB 101 BE CONCURRED IN.

Discussion:

Amendments, Discussion, and Votes:

Senator Yellowtail questioned the defendant's right to choose where he or she would go to treatment.

Senator Yellowtail made a substitute motion to amend page 4, line 17, following "may" by striking" with the defendant's concurrence".

Senator Mazurek agreed with Senator Yellowtail, and asked if there were some way to guard against the court ordering treatment which is more costly than the defendant can afford.

Senator Towe commented that language in the bill says "if financially able".

Senator Yellowtail's motion to amend HB 101 carried with all members voting aye except Senators Grosfield, Crippen, and Doherty who voted no.

Recommendation and Vote:

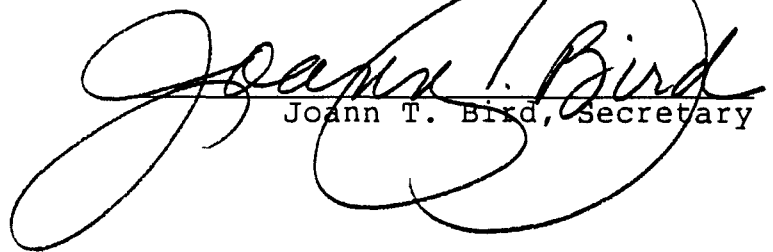
Senator Halligan made a motion that HB 101 BE CONCURRED IN AS AMENDED. The motion carried unanimously. Senator Yellowtail was asked to carry the bill.

ADJOURNMENT

Adjournment At: 12:10 p.m.



Senator Dick Pinsoneault, Chairman



Joann T. Bird, Secretary

DP/jtb

ROLL CALL

SENATE JUDICIARY

COMMITTEE

52nd LEGISLATIVE SESSION -- 1999

Date 6 Mar 91

NAME	PRESENT	ABSENT	EXCUSED
Sen. Pinsoneault	✓		
Sen. Yellowtail	✓		
Sen. Brown	✓		
Sen. Crippen	✓		
Sen. Doherty	✓		
Sen. Grosfield	✓		
Sen. Halligan	✓		
Sen. Harp	✓		
Sen. Mazurek	✓		
Sen. Rye	✓		
Sen. Svrcek	✓		
Sen. Towe	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 6, 1991

MR. PRESIDENT:

We, your committee on Judiciary having had under consideration House Bill No. 102 (third reading copy -- blue), respectfully report that House Bill No. 102 be concurred in.

Signed: 

Richard Pinsoneault, Chairman

LB 3/6/91  
Amd. Coord.

SB 3/6 1:20  
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

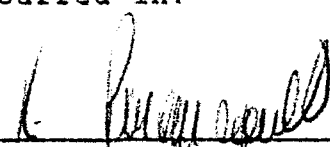
Page 1 of 1  
March 6, 1991

2nd

97

MR. PRESIDENT:

We, your committee on Judiciary having had under consideration House Bill No. 221 (third reading copy -- blue), respectfully report that House Bill No. 221 be concurred in.

Signed: 

Richard Pinsonneault, Chairman

LB 3/6/91  
Amd. Coord.

SB 3/6 1:00  
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 6, 1991

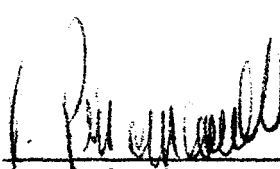
MR. PRESIDENT:

We, your committee on Judiciary having had under consideration House Bill No. 101 (third reading copy -- blue), respectfully report that House Bill No. 101 be amended and as so amended be concurred in:

1. Page 4, line 17.

Following: "may"

Strike: ", WITH THE DEFENDANT'S CONCURRENCE,"

Signed: 

Richard Pinsoneault, Chairman

 3-6-91  
And. Coord.

SB 3-6 1:20  
Sec. of Senate

481308SC.SJI

EXHIBIT #1  
6 Mar 91  
SB 427

**BILL SUMMARY: SENATE BILL NO. 427**

Prepared by the Gambling Control Division  
February 19, 1991

**SECTION 1** amends the general definition section of the gambling laws to:

- (1) exclude a promotional game of chance from the definition of gambling (23-5-112(10), MCA);
- (2) provide specific examples of illegal gambling devices and illegal gambling enterprises (23-5-112(14) and (15), MCA); and
- (3) define a promotional game of chance as a scheme for disposing of property by chance among persons who have not paid or are not expected to pay valuable consideration or who have not purchased or are not expected to purchase any goods or services for a chance to obtain the property (23-5-112(27), MCA).

**SECTION 2** amends 23-5-113, MCA, to allow a court to order, upon conviction for a gambling violation, the forfeiture of property seized by a Department of Justice agent during a lawful search.

**SECTION 3** amends 23-5-115, MCA, to permit the Department of Justice to disclose certain information obtained in the gambling application or tax reporting processes as provided in section 4.

**SECTION 4** is a new code section addressing the authority of the Department of Justice to disclosure information. Subsection (1) permits the Department to disclose the following information from a license or permit application:

- (1) the applicant's name;
- (2) the address of the business where the activity under the license or permit is to be conducted;
- (3) the name of each person having an ownership interest in the business;

- (4) the applicant's source of financing;
- (5) types of permits requested by the applicant; and
- (6) any other information that the Department, after balancing the public's right to know against the applicant's right to privacy, considers suitable for disclosure.

Subsection (2) permits the Department to disclose the above information plus any other relevant information to:

- (1) a federal, state, city, county, or tribal criminal justice agency; or
- (2) the Montana Department of Revenue or the federal Internal Revenue Service.

**SECTION 5** amends 23-5-152, MCA, to make it a misdemeanor offense to operate an illegal gambling enterprise. The section further provides that an illegal gambling device may be possessed or located in a public museum for display purposes only.

**SECTION 6** amends 23-5-177, MCA, to:

- (1) require the Department of Justice to approve the premises in which the gambling activity is to be conducted before issuing an operator's license;
- (2) prohibit the Department from issuing more than one operator's license per premises, regardless of the number of on-premises alcoholic beverage licenses that have been issued for the premises;
- (3) impose a one-time operator's license application processing fee to cover the cost incurred by the Department in determining whether the applicant qualifies for licensure.

**SECTION 7** is a new code section establishing requirements that a premises must meet before the Department of Justice may issue an operator's license.

**SECTION 8** is a new code section requiring an operator to notify the Department of Justice before transferring any ownership interest in his premises.

SECTION 9 is a new code section requiring:

- (1) a person who is involved in conducting a gambling activity on an operator's premises to be an employee of the operator; and
- (2) all revenue derived from conducting a gambling activity on an operator's premises to first accrue to the operator.

The requirements listed above do not apply to a manufacturer or distributor who furnishes video gambling machines to an operator or to revenue derived from the operation of video gambling machines.

SECTION 10 is a new code section that is tied to House Bill No. 919 (HB 919), a gambling license and permit bill introduced at the Department of Justice's request.

HB 919 breaks a manufacturer-distributor's license into three separate licenses: a manufacturer's, distributor's, and route operator's. In addition, HB 919 renames an operator's license as a premises license. Based on this new classification of licenses, subsection (1) of section 10 of this bill provides that issuance of each of the following licenses for operating a business constitutes a different marketing level:

- (1) a premises license;
- (2) a route operator's license; and
- (3) a manufacturer's or distributor's license.

Subsection (2) of section 10 prohibits a person who has obtained a gambling license from:

- (1) obtaining another license to operate a business at a different marketing level;
- (2) having a substantial interest in another business operating at a different marketing level;
- (3) allowing an officer of his business to have a substantial interest in another business operating at a different marketing level;
- (4) employing a person who is also employed by another business operating at a different marketing level; or

(5) allowing another business operating at a different marketing level or a person with a substantial interest in the business to have a substantial interest in his business.

Subsection (3) defines the term "substantial interest".

Subsection (4) is a "grandfather" clause that exempts from the provisions of section 10 those persons who on January 1, 1991, were licensed by the Department of Justice to operate businesses at different marketing levels.

SECTION 11 is a new code section that permits the Department of Justice or local law enforcement officials to inspect a premises where a gambling activity is being conducted or a facility where gambling devices are manufactured or distributed.

SECTION 12 amends 23-5-312, MCA, to subject a promotional game of chance involving a live card game (i.e., a card game in which no consideration is paid to participate) to a prize limit of \$300. The same prize limit is imposed on live card games in which consideration is paid.

SECTION 13 amends 23-5-412, MCA, to subject a promotional game of chance involving bingo or keno (i.e., a bingo or keno game in which no consideration is paid to participate) to a prize limit of \$100 per card. The same prize limit is imposed on bingo and keno games in which consideration is paid.

SECTION 14 is a new code section requiring a person who manufactures or supplies electronic bingo or keno equipment to obtain an annual manufacturer's license from the Department of Justice. The license fee is \$1,000. In addition to the license fee, the Department may charge a one-time application fee to cover the cost of processing the original license. The license and processing fees are retained by the Department for administrative purposes.

**SECTION 15** is a new code section requiring a licensed manufacturer to submit to the Department of Justice for examination a prototype of any electronic bingo or keno equipment intended for use in the state. The manufacturer must pay the anticipated examination costs. After completing the examination, the Department may approve, disapprove, or conditionally approve use of the equipment.

**SECTION 16** is a new code section authorizing the Department of Justice to adopt rules describing the electronic bingo and keno equipment that may be approved for use in the state.

**SECTION 17** is a new code section defining the terms "casino night" and "nonprofit organization".

**SECTION 18** is a new code section authorizing a nonprofit organization to conduct a casino night that may offer the following gambling activities:

- (1) live card games authorized under 23-5-311, MCA (bridge, cribbage, hearts, panguingue, pinochle, pitch, poker, rummy, solo, and whist);
- (2) live bingo and keno games; and
- (3) raffles.

**SECTION 19** is a new code section describing the process for applying for a casino night permit. The permit fee is \$25.

**SECTION 20** is a new code section authorizing the Department of Justice to issue to a nonprofit organization one casino night permit per year. The permit fee is retained by the Department for administrative purposes.

**SECTION 21** is a new code section imposing certain requirements on conducting casino nights (e.g., maximum duration of 12 hours, merchandise prizes only, etc.).

**SECTION 22** is a new code section exempting gambling activities conducted during a casino night from the licensure and other regulatory requirements imposed on live card games, live bingo, live keno, and raffles.

**SECTION 23** is a new code section authorizing the Department of Justice to adopt rules to administer the casino night provisions.

**SECTION 24** is a new code section indicating where the new sections of the bill are to be codified within current law.

**SECTION 25** is a new code section providing that section 10 of this bill is void if HB 919 (i.e., the Department of Justice's license and permit bill) is not passed and approved.

**SECTION 26** is a new code section providing that all sections of the bill, except section 10, are effective October 1, 1991. Section 10 is effective July 1, 1992.

STATE OF MONTANA  
**DEPARTMENT OF JUSTICE**  
GAMBLING CONTROL DIVISION

EXHIBIT #2  
6 Mar 91  
SB 427

Marc Racicot  
Attorney General



2687 Airport Road  
Helena, MT 59620-1424

TESTIMONY IN SUPPORT OF SENATE BILL NO. 427 (SB 427)

Submitted by Robert J. Robinson, Administrator  
Department of Justice, Gambling Control Division  
March 6, 1991

SB 427 is submitted by request of the Department of Justice and brings a number of policy issues to the Legislature that are the result of experiences and developments since the enactment of the Gambling Control Act (SB 431) of the 1989 Legislature. SB 431 created a broad framework for state regulation of gambling. As is often the case with major legislation, a number of details were overlooked and some effects were unintended. This bill brings several of those issues to the Legislature for resolution.

A brief explanation of the issues addressed follows in an overview of each section.

Section 1

Additions and modifications to definitions will be referenced as the substantive sections of the bill requiring definition changes are explained.

The definition of gambling is clarified to exclude a promotional game of chance. A promotional game of chance is defined as an activity which provides prizes without a purchase requirement.

Section 2 Issue - Disposal of property seized pursuant to a search warrant.

Although the Gambling Control Act refers to forfeiture (23-5-123, MCA), the act does not provide authority for a court to order forfeiture of contraband, illegal devices and related funds obtained pursuant to a search warrant. Statutes related to other types of criminal violations generally provide some direction in this area. This amendment gives the court authority to direct disposition of these items in the event of a conviction.

Sections 3 and 4 Issues - Public disclosure of gambling license information and authorization to provide tax data to other tax collection agencies and necessary information to other criminal justice agencies.

Section 23-5-115(6), MCA, currently prohibits the Department from disclosing any information obtained as a result of the license application or tax collection processes. The Department is being sued by several newspapers and news agencies to release all information contained in license files. The lawsuit is based upon an alleged conflict between the restrictions in 23-5-115(6), MCA, and the public's right to know as stated in Article II, section 9, of the Montana Constitution.

The new section would clarify what information could be released, but is generally limited to the names of the owners, the business name and address, the source of financing and types of permits applied for.

The Department would not provide, without court order, any other personal information, the amount of financing, or income or tax records.

Subsection (1)(f) would allow for the disclosure of public criminal justice information as that term is defined in the Criminal Justice Information Act, sections 44-5-101 through 44-5-515, MCA.

Section 2 also authorizes the Department to provide license and tax records to other criminal justice agencies or state or federal tax collection agencies. This exchange provision is consistent with provisions governing the Montana Department of Revenue relative to other tax reports. Currently, Department of Revenue and Internal Revenue Service agents are unable to access gambling tax data without court order or subpoena.

Section 5 and Section 1 Clarification that operation of an illegal gambling enterprise is a misdemeanor. Descriptions of illegal gambling device and enterprise in definitions.

The experience of the past year revealed that often an illegal gambling activity consists of more than possession of an illegal gambling device but may well consist of an illegal gambling scheme or enterprise in a broader sense. This amendment along with the amendments to the definition of illegal device and enterprise would make it clear that such a scheme or enterprise is treated in the same manner as an illegal device.

Section 1 amends the definitions of illegal gambling device and enterprise. These amendments reinstate previous statutory language that specifically identified illegal devices or enterprises while incorporating more modern language which generally describes a group of devices. This approach provides specific name identification of an illegal device or enterprise while retaining a general description to accommodate future innovations and the prohibition of all gambling not specifically authorized by Title 23, chapter 5.

Many in the gambling industry have sought clarification of what devices or activities were prohibited by the current language which generally states an illegal device or enterprise is a device or enterprise not authorized by statute or that violates a statute or rule of the Department.

Section 6 and 7 Issues. Clarifies license application submittal requirements, establishes an application processing fee, provides for Department approval of a gambling premises and establishes standards for premises approval.

These sections clarify that it is necessary to obtain a gambling operator's license to provide legal gambling opportunities to the public as well as specifically states that is necessary to submit a completed application to obtain a license.

This section also requires each applicant to pay a one time application fee adequate to cover the cost of processing the license and investigating the applicant's suitability for licensure.

In several instances during the past two years, the Department has been required to expend significant sums of money to complete an applicant background investigation. Most expenses are incurred in traveling to previous places of residence when some questionable or criminal interest has arisen in preliminary reviews.

Other states' licensing gambling operators require the applicants to cover the investigation expenses rather than passing that cost on to other licensees or the general public.

Subsection 3 makes it clear that the Department of Justice has the responsibility to approve a gambling premises and that it is not the responsibility of the Liquor Division of the Department of Revenue. Subsection 4 also clarifies that possession of multiple on-premises liquor licenses does not automatically entitle the holder to additional gambling operator licenses.

Section 7 is related to subsection 3 of Section 6 in that it provides specific standards that must be met to obtain a premise approval.

A new phenomenon that is occurring is referred to as "license stacking." "License stacking" is the acquisition and placement of multiple on-premises alcohol beverage licenses (all beverage and/or beer and wine) in a single room or establishment with the intent of obtaining multiple gambling operator's licenses. This would permit placement of more than the statutory quota of 20 video gambling machines in a single location.

Section 7 establishes specific criteria defining a premises. A premises would be required to have a unique address, external public entrance, and permanent walls and not be connected to other licensed establishments. If two or more licensed premises share internal entrances, then the premises cannot be operationally or financially interrelated.

The Department has recently litigated this issue in Missoula and will in the absence of this provision be faced with multiple lawsuits to determine what is and what is not a "premises." There are a number of facilities presently attempting to obtain multiple operator's licenses in hopes of becoming "grandfathered" establishments if this section is enacted into law.

Section 8 Clarifies that the Department must be notified when premises ownership changes.

The Department is required to investigate the qualifications of those involved in a gambling establishment. Quite often, ownership changes occur without the Division's knowledge.

This section requires the licensed operator to notify the Division before ownership changes to allow for investigation of the new owners.

Section 9 Issue - Non-licensed entities providing gambling.

State law prohibits sale, lease, rent or transfer of any gambling license. However, numerous licensees enter into agreements with independent contractors to provide certain types of gambling on the premises. This most often occurs with live card games.

The effect of these contracts is to assign or lease the gambling activity to an individual or firm that has not necessarily been subject to license review. Most of these situations result in a card game contractor paying the table permit fees and dealer wages and remitting a percentage of the profits or a set rental fee to the licensed operator. The operator does not control the game and is often unaware of the contractor's activities.

The Department proposal requires the licensed operator to take control of and be responsible for the gambling permitted to the licensee and reinforces the policy statement which prohibits leasing of a gambling permit or license.

Section 10 Issue - Consolidation of control of the gambling industry.

Section 10 renames the present operator's license as a premises license and creates a new type of license for a video gambling machine route operator that is separate from the present

21. 2  
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manufacturer/distributor's license. Most importantly, this section prohibits ownership in businesses at different marketing levels (i.e., premises, route operator and manufacturer).

The intent of this section is to encourage competition by prohibiting vertical integration of the industry, that is control of gambling businesses from the manufacturing through the retail level.

This section does "grandfather" entities or persons holding licenses at multiple levels on January 1, 1991.

Section 11 Issue - Inspection authority. This section provides that the Department or local law enforcement agency has the authority to inspect an operator's, manufacturer's, or distributor's premises during normal business hours. Adequate inspection authority is essential to effective regulation.

Section 12 and 13 Issue - Promotional games prize limits.

This amendment limits promotional prizes for permitted gambling activities to the statutory limit for the game.

We are currently observing "promotional" or "free" games being offered that significantly exceed the statutory prize limits. Those promotional games are often packaged in such a manner as to essentially require persons desiring to play the "free" game to play the for-pay games. Another aspect of this situation is that only the larger commercial interests can provide these promotions thereby placing the smaller operations at risk.

Several bingo licensees have requested the Department to address this issue.

Sections 14, 15 and 16 Issue - Clarify and provide for Department inspection of electronic bingo and keno equipment for live games.

As electronic and computerized equipment for live keno and bingo becomes more prevalent in the market, there is more demand for the state to certify that the selection process is random, prizes awarded are within limits, and the tax reporting capabilities are accurate.

These devices are relatively new to the Montana market, and both manufacturers and prospective purchasers have asked the Department to certify their accuracy.

Sections 17, 18, 19, 20, 21, 22, 23 Issue - Legalization of Casino Nights.

These sections allow nonprofit organizations to conduct limited casino nights that provide only those types of live gambling activities that are presently legal in Montana. Currently the law

does not allow gambling at casino night events except at locations possessing a gambling operator's license. This has severely hampered social, fundraising opportunities for a variety of nonprofit organizations. This section would provide such opportunities on a limited scale for nonprofit organizations but would not permit banking card games or other casino games such as roulette or craps.

These traditional casino games are not authorized for nonprofit casino nights because of the implications such approval may have on gambling on Indian reservations due to application of the Indian Gaming Regulatory Act.

Exhibit #3

3-6-91

SB 427

STATEMENT OF  
  
ARNOLD D. WILEY  
  
DISTRICT DIRECTOR  
  
INTERNAL REVENUE SERVICE HELENA DISTRICT  
  
BEFORE THE  
  
MONTANA SENATE JUDICIARY COMMITTEE  
  
FEBRUARY, 1991

1

MR. CHAIRMAN AND MEMBERS OF THE  
COMMITTEE;

I APPRECIATE THE OPPORTUNITY TO APPEAR  
BEFORE YOU TODAY TO ASK FOR YOUR SUPPORT  
FOR SECTION 4 OF SENATE BILL <sup>427</sup> ~~111~~ WHICH, IF  
PASSED, WOULD ALLOW THE MONTANA  
DEPARTMENT OF JUSTICE TO DISCLOSE CERTAIN  
INFORMATION TO THE INTERNAL REVENUE  
SERVICE AND THE MONTANA DEPARTMENT OF  
REVENUE FOR THE PURPOSES OF EFFECTIVE  
TAX ADMINISTRATION.

LEGALIZED GAMBLING HAS BECOME A  
MAJOR INDUSTRY IN THE STATE OF MONTANA.  
IT IS ASSUMED THAT THE MAJORITY OF  
GAMBLING ESTABLISHMENTS VOLUNTARILY  
COMPLY WITH THE FEDERAL AND STATE  
INCOME TAX LAWS BY PROPERLY REPORTING  
INCOME FROM LEGALIZED GAMBLING.

**HOWEVER, RECENT EXPERIENCE INDICATES THERE ARE THOSE WHO PREFER NOT TO COMPLY WITH FEDERAL INCOME TAX LAWS.**

**INFORMATION PRESENTLY RETAINED BY THE STATE DEPARTMENT OF JUSTICE WOULD BE VERY HELPFUL IN ADMINISTERING THE FEDERAL AND STATE TAX LAWS AND IN ESTABLISHING COMPLIANCE WITH THOSE LAWS IN MONTANA. THIS INFORMATION WOULD ASSIST THE INTERNAL REVENUE SERVICE AND THE MONTANA DEPARTMENT OF JUSTICE IN IDENTIFYING THOSE ESTABLISHMENTS AND ORGANIZATIONS WHO DO NOT APPEAR TO BE IN COMPLIANCE WITH FEDERAL AND STATE INCOME TAX LAWS. HISTORICALLY, CASH-INTENSIVE BUSINESSES HAVE THE GREATEST PROPENSITY FOR NON-COMPLIANCE WITH THE INCOME TAX LAWS.**

**SOME PROPRIETORS MAY BE REPORTING GROSS INCOME CORRECTLY IN FILING QUARTERLY RETURNS WITH THE STATE DEPARTMENT OF REVENUE WHILE NOT CORRECTLY REPORTING FEDERAL INCOME TAX. ALLOWING ACCESS TO THE DEPARTMENT OF JUSTICE INFORMATION WILL HELP IDENTIFY RETURNS THAT NEED TO BE EXAMINED, THEREBY REDUCING OR ELIMINATING EXAMINATIONS OF RETURNS THAT APPEAR TO BE IN COMPLIANCE WITH THE LAW.**

**THE DEPARTMENT OF JUSTICE CAN PROVIDE INFORMATION THAT WOULD ALLOW THE DEPARTMENT OF REVENUE AND THE IRS TO COORDINATE EXAMINATION EFFORTS. THIS WOULD SAVE BOTH GOVERNMENTS' RESOURCES AND, MORE IMPORTANTLY, REDUCE TAXPAYER BURDEN BY ELIMINATING DUPLICATE TAXPAYER CONTACTS FOR EXAMINATIONS AND INFORMATION.**

**HAVING THIS INFORMATION WILL MAKE OUR EFFORTS LESS CUMBERSOME AND LESS INTRUSIVE FOR EVERYONE INVOLVED.**

**IN ADDITION, THIS ACCESS TO INFORMATION WOULD ASSIST IN IDENTIFYING THE TRUE OWNERS OF GAMBLING ESTABLISHMENTS AND THOSE WITH FINANCIAL INTERESTS THEREIN.**

**OVER THE YEARS, CASH-INTENSIVE BUSINESSES HAVE BEEN USED TO LAUNDER MONEY FROM ILLEGAL VENTURES, PRIMARILY NARCOTICS. IT IS NOT UNCOMMON FOR ILLEGAL PROCEEDS FROM ONE STATE TO BE LAUNDERED THROUGH BUSINESSES IN ANOTHER STATE. INFORMATION ABOUT FINANCIAL INTERESTS AND MACHINE REVENUE WILL ASSIST US IN ASCERTAINING WHETHER OR NOT GAMING ESTABLISHMENTS IN MONTANA ARE BEING USED TO LAUNDER MONEY FROM ILLEGAL BUSINESSES.**

**I ASK YOUR SUPPORT TO ALLOW THE DEPARTMENT OF JUSTICE TO SHARE CERTAIN INFORMATION WITH THE INTERNAL REVENUE SERVICE AND THE MONTANA DEPARTMENT OF REVENUE FOR THE PURPOSE OF IMPROVED TAX ADMINISTRATION.**

**THE INFORMATION WE ARE REQUESTING ACCESS TO IS NOT INFORMATION CURRENTLY IN THE POSSESSION OF EITHER AGENCY -- AND IT IS INFORMATION THAT WOULD BE COSTLY TO GATHER. IN FACT, PRIOR TO THE DEPARTMENT OF JUSTICE BECOMING RESPONSIBLE FOR THIS INFORMATION, THE DEPARTMENT OF REVENUE SHARED MUCH OF IT WITH US AS PART OF OUR EXCHANGE AGREEMENT.**

**YOU SHOULD REST ASSURED THAT WE IN THE INTERNAL REVENUE SERVICE AND THE DEPARTMENT OF REVENUE HAVE A LEGAL AND MORAL OBLIGATION TO PROTECT THE CONFIDENTIALITY OF ALL INFORMATION FURNISHED TO US. WE TAKE THIS OBLIGATION VERY SERIOUSLY.**

**PASSAGE OF THIS LEGISLATION WOULD ENHANCE TAX ADMINISTRATION, INCREASE VOLUNTARY COMPLIANCE AND PROVIDE IMPROVED SERVICE TO THE TAXPAYING PUBLIC.**

**THANK YOU.**

Montana  
Association of  
Churches

MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 745 • Helena, MT 59624

PHONE: (406) 442-5761

EXHIBIT # 4  
6 Mar 91  
SB 427

Date Submitted: March 6, 1991

Bill Number: Senate Bill 427

Submitted by: Harley E. Warner

WORKING TOGETHER:

American Baptist Churches  
of the Northwest

Christian Churches  
of Montana  
(Disciples of Christ)

Episcopal Church  
Diocese of Montana

Evangelical Lutheran  
Church in America  
Montana Synod

Presbyterian Church (U. S. A.)  
Glacier Presbytery

Presbyterian Church (U. S. A.)  
Yellowstone Presbytery

Roman Catholic Diocese  
of Great Falls - Billings

Roman Catholic Diocese  
of Helena

United Church  
of Christ  
Mt.-N. Wyo. Cont.

United Methodist Church  
Yellowstone Conference

Chair, members of the committee, for the record I am Harley E. Warner. I represent the Montana Association of Churches.

The Montana Association of Churches supports strict governmental control of all gambling enterprises in Montana. As you know we also oppose any attempt to expand authorized gambling in Montana.

Senate Bill 427 does provide for more control of gambling in that it provides for release of some license and tax information. Several of the other provisions of this piece of legislation will help with the control of gambling, such as the limits related to the marketing levels one person or firm may be involved with.

This bill does provide some discouragement to further expansion of gambling.

We support Senate Bill 427.

AMENDMENTS TO SENATE BILL 427  
Introduced Copy  
Proposed by the Gaming Industry Association

SB 427  
Exhibit #5

1. Page 4, line 9.  
Following: "is"  
Insert: "predominantly"  
Following: "contingent"  
Strike: "in whole or in part"
2. Page 4, line 16.  
Following: "intended"  
Insert: "by the person or persons possessing or controlling the device"
3. Page 4, line 24.  
Following: "department."  
Strike remainder of subsection.
4. Page 5, line 14.  
Following: "department."  
Strike remainder of subsection.
5. Page 8, line 6.  
Following: "application"  
Strike: "and approved by the department"  
Insert: "The premises must"
  - (a) be a structure or facility that is clearly defined by permanently installed walls extending from floor to ceiling;
  - (b) have a unique address assigned by the local government in which the premises is located;
  - (c) have a public external entrance leading to a street or other common area; and
  - (d) if the premises shares a common wall with another premises for which an operator's license has been issued, have the common wall permanently installed, opaque, and extending from floor to ceiling. The common wall may have one or more internal entrances adequate for ordinary ingress and egress."
6. Page 11, line 10 and 11.  
Following: "business;"  
Insert: "and"  
Strike: subsection (d) in its entirety  
Renumber: subsequent subsections
7. Page 11, line 12 through line 24.  
Following: "applicant"  
Strike: remainder of section through "service" on line 24
8. Page 13, line 16.  
Following: "department;"  
Insert: "and"

80921  
Exhibit #  
6 Mar 91

9. Page 13, line 18 through line 24.  
Following: "department"  
Strike: "; and" on line 18 through "conducted" on line 24.
10. Page 14, line 2.  
Following: "premises."  
Insert: "The restriction of one operator's license per premises does not apply to a person who on January 1, 1991 was licensed to operate a business in a premises not meeting the requirements of 23-5-112(26), or to a person who has filed with the department on or before January 1, 1991 an application for an operator's license for a premises not meeting the requirements of 23-5-112(26). The department may not fail to renew an operator's license for such businesses, or deny an operator's license to such applicants, solely on the basis of the premises not meeting the requirements of 23-5-112(26)."
11. Page 14, line 22.  
Strike: subsection (8) in its entirety  
Renumber: subsequent subsections
12. Page 15, line 8.  
Strike: section 7 in its entirety  
Renumber: subsequent sections
13. Page 16, line 10.  
Strike: sections 9 and 10 in their entirety  
Renumber: subsequent sections
14. Page 19, line 13.  
Strike: section 12 in its entirety  
Renumber: subsequent sections
15. Page 20, line 2.  
Following: "or"  
Insert: "\$800 for each individual"
16. Page 20, line 6.  
Following: "bingo"  
Strike: "or keno"
17. Page 24, line 14.  
Following: "prizes"  
Insert: "Prizes may not exceed \$100 in value."
18. Amend title, codification instructions and effective dates to conform.

Amend #6

HB 102

3-6-91

# DEPARTMENT OF INSTITUTIONS



STAN STEPHENS, GOVERNOR

1539 11TH AVENUE

## STATE OF MONTANA

(406) 444-3930

HELENA, MONTANA 59620-1301

### TESTIMONY HB 102

THE ALCOHOL AND DRUG ABUSE DIVISION (ADAD) IN THE DEPARTMENT OF INSTITUTIONS IS THE RECOGNIZED STATE AUTHORITY FOR ALCOHOL AND DRUG ABUSE TREATMENT REHABILITATION AND PREVENTION SERVICES. ADAD IS THE AGENCY RESPONSIBLE FOR APPROVING TREATMENT PROGRAMS AND THE ALCOHOL INFORMATIONAL SCHOOLS WITHIN STATE APPROVED PROGRAMS. CURRENTLY THERE ARE 34 STATE APPROVED TREATMENT PROGRAM PROVIDERS OF WHICH 24 ARE ALSO APPROVED TO PROVIDE DUI EDUCATIONAL( COURT SCHOOLS). DUI SCHOOLS AND OUTPATIENT TREATMENT SERVICES ARE AVAILABLE IN ALL COUNTIES IN THE STATE. OTHER DUTIES AND RESPONSIBILITIES OF THE ALCOHOL AND DRUG ABUSE DIVISION THAT PERTAIN TO THIS BILL INCLUDE THE CERTIFICATION OF CHEMICAL DEPENDENCY COUNSELORS AND INSTRUCTORS PROVIDING CHEMICAL DEPENDENCY EDUCATIONAL COURSES, ESTABLISHING STANDARDS FOR CHEMICAL DEPENDENCY EDUCATIONAL COURSES PROVIDED BY STATE APPROVED PROGRAMS AND EVALUATING THESE TREATMENT PROGRAMS WHICH PROVIDE THESE EDUCATIONAL COURSES.

IN THE LAST SESSION LEGISLATION WAS PASSED WHICH REQUIRED ALL REPEAT DUI OFFENDERS TO COMPLETE AN ALCOHOL INFORMATION COURSE WHICH MUST INCLUDE TREATMENT. THE PERSON HAD A CHOICE TO WHAT TREATMENT PROGRAM OR COURT SCHOOL THAT HE OR SHE COULD ATTEND AS LONG AS IT WAS STATE APPROVED. IT WAS OUR OPINION THAT THIS LAW WAS VERY RESTRICTIVE AND DENIED DUI DEFENDANTS THE OPPORTUNITY FOR TREATMENT BY SOME EXCELLENT THERAPISTS WHO DID NOT WORK IN STATE APPROVED PROGRAMS.

ALTHOUGH THIS BILL WAS NOT INTRODUCED AT THE REQUEST OF THE DEPARTMENT OF INSTITUTIONS ALCOHOL AND DRUG ABUSE DIVISION WE ARE IN SUPPORT AS IT IS WRITTEN. UNDER CURRENT LEGISLATION STATE APPROVED CHEMICAL DEPENDENCY PROGRAMS ONLY CAN PROVIDE TREATMENT FOR REPEAT DUI OFFENDERS. THIS RESTRICTION PROHIBITS CERTIFIED CHEMICAL DEPENDENCY COUNSELORS IN PRIVATE PRACTICE, NATIVE AMERICAN PROGRAMS WHO HAVE CERTIFIED COUNSELORS AND OTHER NON APPROVED PROGRAMS SUCH AS THE V A PROGRAM AT FORT HARRISON AND THE RIDGEVIEW TREATMENT CENTER IN BUTTE FROM PROVIDING TREATMENT SERVICES TO THIS CRITICAL POPULATION. WHEN INPATIENT TREATMENT IS RECOMMENDED THE ONLY CHOICE CURRENTLY FOR THE INDIGENT POPULATION IS GALEN OR THE LIMITED STATE BEDS THAT THE DEPARTMENT CONTRACTS FOR WITH PRIVATE PROGRAMS. THESE OPTIONS HAVE A WAITING LIST OF FROM 6 TO 8 WEEKS.

THIS BILL WILL ALLOW THE REPEAT DUI OFFENDER A CHOICE..MOST OFTEN THIS CHOICE WILL BE WITH A CERTIFIED COUNSELOR WHO IS PROVIDING COUNSELING SERVICES TO TREATMENT POPULATIONS OTHER THAN THE REPEAT DUI OFFENDER. THIS WILL ALLOW LOW INCOME INDIVIDUALS WHO NEED INPATIENT CARE TO BE REFERRED TO THE VA AT FORT HARRISON AND THUNDERCHILD IN WYOMING OR OTHER INPATIENT PROGRAM THAT HAVE CHEMICAL DEPENDENCY COUNSELORS CERTIFIED BY THE DEPARTMENT. MANY RESERVATION PROGRAMS AND SOME URBAN NATIVE AMERICAN PROGRAMS ARE NOT STATE APPROVED HOWEVER THESE PROGRAMS DO HAVE STATE CERTIFIED COUNSELORS EMPLOYED . THIS BILL WOULD ALLOW THESE PROGRAMS TO TREAT INDIVIDUALS IF OUTPATIENT WAS RECOMMENDED BY THE COURT SCHOOL.

BY PASSING THIS BILL LOW COST TREATMENT WILL BE MORE ACCESSIBLE FOR THE REPEAT DUI OFFENDER.

SUBMITTED BY DARRYL BRUNO ADMINISTRATOR ALCOHOL AND DRUG ABUSE DIVISION

Exhibit 6  
SB 427  
3/6/91

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 6 day of MARCH, 1991.

Name: CHRIS KOLSTAD

Address: STAR ROUTE Box 49  
LEDGER, MT 59456

Telephone Number: 627-2223

Representing whom?

MT JAYCEES

Appearing on which proposal?

SB 427

Do you: Support?        Amend? X Oppose?       

Comments:

WE WOULD LIKE TO HAVE THE BILL AMENDED AS FOLLOWS:

SECTION 18, PAGE 23

LINE 2 FROM (a) live card games authorized under 23-5-311;  
TO (a) live card games not to exclude poker & blackjack;

LINE 3 FROM (b) live bingo and Keno games; and  
TO (b) live bingo and Keno games, raffles; and

LINE 4 FROM (c) raffles.

TO (c) any dice games and other mechanical games  
of chance such as roulette but not to include  
slot machines.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

March 6, 1991

EXHIBIT 6  
SB 427  
3/6/91

Chairman Pinsonneault and honorable members of the Judiciary committee.

I am Chris Kolstad and I am here to testify on section 18 of Senate Bill 427 regarding casino nights. I represent not only Jaycees from all across the state of Montana, but numerous other non-profit organizations as well. I am familiar with casino nights that have been run by the chamber of commerce in Shelby and in Conrad. The Hi-Line Health Service Foundation ran a casino night to raise funds for the Liberty County Hospital. Both the Chester and Ft. Benton High Schools have used casino nights as part of their post graduation night programs. The JI Close up program in Joplin has used casino games in conjunction with their fund raising carnival and the swim team in Choteau has also ran a similar function. As you can see casino nights are more common than a person realizes. Nearly every town within 60 miles from my home has a casino night of some sort.

For those of you who are not familiar with casino nights, let me explain briefly how they work. People who attend are given the opportunity to purchase play money. With this money they can gamble at the various gaming tables. When the casino closes, usually after three or four hours an auction is held and the person can buy merchandise that has been donated or bought by the sponsoring organization. No cash prizes are given out and the prizes rarely exceed \$20.00 in value. These casino nights were run to entertain as well as to raise money for community projects.

We feel that casino nights do not pose a threat to the state of Montana and would like to continue running them as we have in the past. We don't mind playing by your rules, but as Senate Bill 427 is currently written, we would only be able to play games that are already legal in Montana. This would take away their uniqueness and make them less alluring. From past experience I can tell you that it is not the game of poker that people come to play at a casino night. They can play poker any day of the year in Montana. They come to play games that normally they would have to leave the state to play. By eliminating these games from casino nights you will in all practical purposes put an end to casino nights. We could raise more money having a bake sale.

For the record we are not here to promote the legalization of gambling, after all if gambling were legal there would be no need to run casino nights. We are simply here to ask you to give us a fair shake. Thank-you for your consideration in this matter.



Chris Kolstad  
Chester Jaycees

