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*Clause* BILL NO. *660* *Superior* *MULAR*  
INTRODUCED BY *O'Connell* *Poplar* *McFadden* *KELLY*  
*Julien Menahan*

A BILL FOR AN ACT ENTITLED: "AN ACT LEGALIZING SLOT MACHINES; CREATING THE MONTANA GAMING CONTROL BOARD; PRESCRIBING ITS DUTIES AND POWERS; PROVIDING FOR THE COLLECTION AND DISPOSITION OF LICENSE FEES; PROVIDING FOR LOCAL OPTION ELECTIONS AND PROVIDING PENALTIES."

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

Section 1. Short title. This act may be cited as the "Montana Slot Machine Control Act".

Section 2. Definitions. As used in this act:

(1) "Applicant" means any person, partnership, firm or corporation who has applied for the issuance of a state slot machine license under the provisions of this act;

(2) "Application" means a request for the issuance of a state slot machine license under the provisions of this act;

(3) "Board" means the state gaming control board established by this act;

(4) "Chairman" means the chairman of the state gaming control board;

(5) "Member" or "Board Member" means a member of the state gaming control board;

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- (6) "City" means any incorporated city or town;
- (7) "County" means any political subdivision of the state designated by state law as a county;
- (8) "Establishment" means any premises wherein or whereon any slot machine is operated;
- (9) "Gaming" or "Gambling" means to operate, carry on, conduct, maintain or expose for play slot machines;
- (10) "Hearing Examiner" means a member of the state gaming control board or other person authorized by the state gaming control board to conduct investigative hearings;
- (11) "License" means any license issued by the state gaming control board under this act which authorizes the person named to operate, carry on, conduct, maintain or expose for play slot machines;
- (12) "Licensee" means any person to whom a valid slot machine license has been issued;
- (13) "License Fees" means any money required by law to be paid to obtain or renew a slot machine license;
- (14) "Operation" means the use and maintenance of slot machines;
- (15) "Party" means the state gaming control board or any licensee or other person appearing of record in any proceedings before the state gaming control board or hearing examiner, and any licensee or other person appearing of record in any proceedings for judicial review of any action,

1 decision or order of the board;

2 (16) "Year" means a period of twelve consecutive  
3 months commencing on the first day of July in any year;

4 (17) "Person" means any corporation, firm,  
5 association, trust or partnership as well as a natural  
6 person;

7 (18) "Respondent" means any licensee or other person  
8 against whom a complaint has been filed with the board;

9 (19) "Slot Machine" means any mechanical, electrical  
10 or other device, contrivance or machine which, upon the  
11 insertion of a coin, token or similar object therein or upon  
12 the payment of any consideration, is available to play or  
13 operate, the play or operation, whether by reason of the  
14 skill of the operator or application of the element of  
15 chance, or both, may deliver or entitle the person playing  
16 or operating the machine to receive cash, premiums,  
17 merchandise, tokens or anything of value, whether the  
18 pay-off is made automatically from the machine or in any  
19 other manner.

20 Section 3. Creation of board. There is a Montana  
21 state gaming control board which consists of five (5)  
22 members.

23 Section 4. Members -- qualification and eligibility.

24 (1) Each member of the board shall be:

25 (a) a citizen of the United States; and

1 (b) a resident of the state of Montana for more than  
2 five (5) years prior to appointment.

3 (2) No member of the legislature, no person holding  
4 any elective office in state or local government, nor any  
5 officer or official of any political party is eligible for  
6 appointment to the board.

7 (3) The board shall be composed of the most qualified  
8 persons available, preferably no two of whom are of the same  
9 profession or major field of industry.

10 (4) Not more than three (3) members of the board shall  
11 be of the same major political affiliation.

12 Section 5. Members -- appointment -- terms --  
13 vacancies -- removal -- chairman. (1) The members of the  
14 board are appointed by the governor and confirmed by the  
15 senate.

16 (2) The governor designates the member to serve as  
17 chairman of the board.

18 (3) Appointment to the first board, except those to  
19 fill unexpired terms, is for terms as follows:

20 (a) three (3) members for four (4) years;

21 (b) two (2) members for two (2) years;

22 (c) thereafter, all members are appointed for a term  
23 of four (4) years.

24 (4) Appointments to fill vacancies on the board are  
25 for the unexpired term of the member to be replaced, and are

1 appointed by the governor and confirmed by the senate.

2 Section 6. Compensation of members -- travel and per  
3 diem expense. The board members shall each receive  
4 twenty-five dollars (\$25) per day while engaged in the board  
5 business and shall be reimbursed for travel and expenses  
6 incurred while attending meetings of the board.

7 Section 7. Organization of board -- administrator --  
8 other personnel -- equipment -- administrative costs.

9 (1) The board may:

10 (a) establish, and from time to time alter, a plan of  
11 organization as it deems expedient;

12 (b) employ and discharge an administrator who shall  
13 receive an annual salary to be set by the board;

14 (c) employ and discharge other necessary personnel;

15 (d) acquire furnishings, equipment, supplies,  
16 stationery, books, license forms, tax stamps and all other  
17 things necessary to carry out its functions;

18 (e) incur other expense, within the limit of funds  
19 available, it deems necessary.

20 All costs of administration incurred by the board shall  
21 be paid out on claims from the general fund in the same  
22 manner as other claims against the state.

23 (2) The board shall classify its employees as  
24 executive, supervisory, investigative and clerical.

25 Section 8. Offices of the board. (1) The board shall

1 keep its main office at Helena, Montana, in space provided  
2 by the department of administration.

3 (2) The board may, if necessary, maintain a branch  
4 office at any other place in this state, in space to be  
5 provided by the department of administration.

6 Section 9. Meetings -- quorum. (1) Regular and  
7 special meetings of the board may be held, at the discretion  
8 of the board, at times and places it deems convenient, but  
9 at least one regular meeting shall be held each month.

10 (2) Public notice of the time and place of special  
11 meetings shall be given at least seven (7) days prior to  
12 that meeting.

13 (3) All meetings of the board are open to the public.

14 (4) A majority of the members constitutes a quorum and  
15 a majority of members present at any meeting determines  
16 actions of the board.

17 Section 10. Records of the board. (1) The board  
18 shall cause to be made and kept a record of all proceedings  
19 held at regular or special meetings of the board. These  
20 records are open for public inspection.

21 (2) The board shall keep and maintain a file of all  
22 applications for licenses under this act, together with a  
23 record of all action taken with respect to applications.  
24 This file and record is open to public inspection.

25 (3) The board may maintain other files and records it

1 deems desirable.

2 (4) All files, records and reports and other  
3 information pertaining to gaming matters in possession of  
4 the department of revenue of the state of Montana shall be  
5 made available to the state gaming control board as  
6 necessary for the administration of this act.

7 Section 11. State policy concerning slot machines. It  
8 is the policy of this state that all establishments where  
9 slot machines are operated in the state of Montana shall be  
10 licensed and regulated to better protect the public health,  
11 safety, morals, good order and general welfare of the  
12 inhabitants of the state of Montana.

13 Any license issued under this act is a revocable  
14 privilege, and no holder acquires any vested rights therein  
15 or thereunder.

16 Section 12. Powers and duties of the state gaming  
17 control board. (1) The provisions of this act are  
18 administered by the state gaming control board.

19 (2) The board shall investigate the qualifications of  
20 each applicant for a license under this act before license  
21 is issued and shall continue to observe the conduct of all  
22 licensees to assure that licenses are not issued to or held  
23 by

- 24 (a) unqualified or disqualified persons;  
25 (b) unsuitable persons; or

1 (c) persons whose operations are conducted in an  
2 unsuitable manner; or for unsuitable or prohibited places or  
3 locations.

4 (3) The board may: (a) deny, (b) limit,  
5 (c) condition, (d) restrict, (e) suspend, or (f) revoke  
6 a license for any violation of this act or rules established  
7 by the board.

8 (4) The board and its agents, inspectors and employees  
9 may inspect all slot machines.

10 Section 13. Regulations -- adoption -- amendment --  
11 repeal. (1) The board shall adopt, amend or repeal rules,  
12 consistent with the policy, objects and purposes of this  
13 act, it deems necessary, in the public interest, to carry  
14 out the policy and provisions of this act.

15 (2) These rules may include the following:

16 (a) prescription of the method and form of application  
17 which an applicant for a slot machine license shall follow  
18 and complete prior to its consideration;

19 (b) prescription of the information to be furnished by  
20 any applicant or licensee concerning that person's  
21 antecedents, habits, character, associates, criminal record,  
22 business activities and financial affairs;

23 (c) requirement of fingerprinting of an applicant or  
24 licensee or employee of a licensee or other methods of  
25 identification;

1 (d) prescription of the manner and procedure for all  
2 hearings conducted by the board or any hearing examiner of  
3 the board, including special rules of evidence applicable  
4 thereto and notices thereof;

5 (e) requirement of any applicant to pay all or any  
6 part of the cost of investigation of that applicant;

7 (f) prescription of the manner and method of  
8 collection and payment of fees and issuance of licenses;

9 (g) definition and limitation of the area and the  
10 method of operation of slot machines;

11 (h) requirement of an applicant or licensee to waive  
12 any privilege with respect to testimony at any hearing or  
13 meeting of the board, except a privilege afforded by the  
14 Constitution of the United States or this state.

15 Section 14. Investigations of violations -- complaints  
16 -- disciplinary proceedings -- suspension -- revocation of  
17 licenses. (1) The board shall investigate any apparent  
18 violations of this act or any rule adopted thereunder which  
19 come to its attention and, when disciplinary or other action  
20 is necessary shall conduct the necessary investigative  
21 hearings.

22 (2) If, after investigation, the board is satisfied  
23 that a license should be limited, conditioned, suspended or  
24 revoked, it shall issue an order to show cause setting  
25 forth:

1 (a) the name of the licensee,

2 (b) the nature of the violation alleged to have been  
3 committed, and

4 (c) the time and place of the hearing.

5 The licensee may appear at that time and place with his  
6 attorney and witnesses and produce testimony on his behalf  
7 and he may cross-examine any and all witnesses appearing on  
8 behalf of the board and the attorney for the board may  
9 cross-examine the witnesses produced by the licensee. A  
10 record or transcript of all testimony adduced at that  
11 hearing shall be made. The board shall make its findings  
12 and issue a final order at the conclusion of all testimony.  
13 A copy of the findings and final order shall be sent to the  
14 licensee by certified mail. The licensee shall have the  
15 right to appeal to the district court of the first judicial  
16 district of the state of Montana, in and for the county of  
17 Lewis and Clark, and that appeal shall be heard on the  
18 record made at the hearing before the board and no other  
19 testimony may be introduced unless the court or judge, upon  
20 good cause shown, allows additional testimony.

21 (3) A final order of the board is effective until  
22 reversed or modified upon appeal, except the board may stay  
23 its final order pending appeal upon terms and conditions it  
24 deems proper.

25 (4) The transcript of the hearings on the order to

1 show cause shall be furnished by the board at the expense of  
2 the licensee.

3 (5) Notice of appeal shall be filed, by the licensee,  
4 with the board and the district court within ten (10) days  
5 of receipt of the findings and final order of the board; the  
6 transcript of the record shall be filed in the district  
7 court within sixty (60) days thereafter.

8 Section 15. License required. (1) It is unlawful for  
9 a person, either as owner, lessee or employee, whether for  
10 hire or not, either solely or in conjunction with others:

11 (a) to operate, carry on, conduct, maintain or expose  
12 for play in the state of Montana, any slot machine; or

13 (b) to receive, directly or indirectly, any  
14 compensation or reward or any percentage or share of the  
15 money or property played for keeping, running, carrying on  
16 or permitting the same to be carried on without having first  
17 procured, and thereafter maintaining in full force and  
18 effect, all federal and state licenses as required by  
19 statute.

20 (2) It is unlawful for any person to lend, let, lease  
21 or otherwise deliver or furnish any slot machine for any  
22 interest or any percentage or share of the money or property  
23 played, under guise of any agreement, without having first  
24 procured a state slot machine license for that purpose.

25 (3) Any person who knowingly permits a slot machine or

1 device to be conducted, operated or carried on in any house  
2 or building or other premises owned by him, in whole or in  
3 part, except by a person who is licensed, or his employee,  
4 is guilty of a misdemeanor.

5 Section 16. Qualification for license. A person shall  
6 have the following qualifications to obtain a state license:

7 (1) be a resident of the state of Montana for one (1)  
8 year prior to application;

9 (2) be a citizen of the United States;

10 (3) have not been convicted of a felony, or of a crime  
11 which, if convicted in the state of Montana, would have been  
12 a felony or of a crime involving moral turpitude; however,  
13 the person's right to a license is restored upon termination  
14 of state supervision;

15 (4) have good moral character and reputation.

16 Section 17. Application for state licenses -- contents  
17 and supplemental forms. (1) Application for a state slot  
18 machine license is made to the state gaming control board on  
19 forms furnished by it and in accordance with rules of the  
20 board. Applications shall include:

21 (a) the name of the proposed licensee;

22 (b) the location of his place of business;

23 (c) the number and kinds of slot machines to be  
24 operated;

25 (d) the names of all persons, directly or indirectly

1 interested in the business and the nature of such interest;  
2 and

3 (e) other information and details the board may  
4 require in order to discharge its duties.

5 (2) The board shall furnish to the applicant  
6 supplemental forms which the applicant shall complete and  
7 file with the application. These supplemental forms shall  
8 require, but shall not be limited to, complete information  
9 and details with respect to the applicant's antecedents,  
10 habits, character, criminal record, business activities,  
11 financial affairs and business associates, covering at least  
12 a five (5) year period immediately preceding the date of  
13 filing of the application.

14 Section 18. License fees. The license fees are:

15 (1) five hundred dollars (\$500) per year for each  
16 establishment where slot machines are operated; and

17 (2) five hundred dollars (\$500) per year for each slot  
18 machine operated in an establishment.

19 Section 19. Limitation on number of slot machines.  
20 The number of slot machines which may be operated,  
21 maintained or conducted on any premises licensed under this  
22 act, is limited to not more than five (5).

23 Section 20. Posting and inspection of licenses. All  
24 licenses and tax stamps (state or federal) shall be posted  
25 by the licensee in a conspicuous place in the establishment

1 for which it is issued until replaced by a succeeding  
2 license or stamp.

3 All licenses and stamps may be inspected by authorized  
4 state, county or municipal officers who shall report, in  
5 writing to the board and sheriff of the county where  
6 located, all slot machines found to be operating without a  
7 valid license.

8 Section 21. Renewal of licenses. (1) A license in  
9 force may be renewed by the board for the next succeeding  
10 license year upon proper application for renewal and payment  
11 of all required fees.

12 (2) All licenses shall be renewed on July 1 of each  
13 year.

14 (3) Application for renewal shall be filed with the  
15 board and all license fees paid not later than June 1 of  
16 each year.

17 (4) Renewal fees are the same as those required for  
18 the issuance of a new license.

19 Section 22. Declaration of state's exemption from the  
20 Gambling Devices Transportation Act. Under section 2, of  
21 the Gambling Devices Transportation Act, 15 U.S.C. section  
22 1171 et seq., the state of Montana declares it is exempt  
23 from the provisions of that section of that act.

24 Section 23. Legal shipments of slot machines into the  
25 state of Montana. All shipments of slot machines into this

1 state, the registering, recording and labeling of which has  
 2 been had by the manufacturer or dealer thereof in accordance  
 3 with sections 3 and 4 of the Gambling Devices Transportation  
 4 Act, 15 U.S.C. section 1171 et seq., are legal shipments  
 5 into this state.

6 Section 24. License fees -- deposits -- disbursal.  
 7 License fees collected under this act shall be deposited  
 8 with the state treasurer not later than the close of  
 9 business the next business day after receipt. The state  
 10 treasurer shall credit twenty-five percent (25%) of the  
 11 gross revenue received to the state general fund;  
 12 twenty-five percent (25%) to the common school fund; and  
 13 fifty percent (50%) to the respective county, city or town  
 14 treasurer, in the proportion that the gross revenue is  
 15 received by the board from license fees from the respective  
 16 localities. The state treasurer shall transmit the county  
 17 or incorporated municipality share quarterly.

18 Section 25. Slot machines declared lawful -- local  
 19 option. Any slot machine conducted in conformity with this  
 20 act is lawful in the state of Montana; provided, however,  
 21 any county or city may, by a majority of the votes cast in  
 22 an election called for the purpose, declare slot machines in  
 23 that county or city unlawful. The election shall be called  
 24 by the county commissioners or the city council upon  
 25 presentation of a petition containing the names of thirty

1 percent (30%) of the registered voters of the county or city  
 2 as shown by the number of votes cast for governor at the  
 3 last general election within that county or city. The  
 4 procedures of the general election laws shall govern the  
 5 conduct of the election insofar as they are applicable. In  
 6 the event a majority of the votes cast is opposed to slot  
 7 machines in the county or city, then the operation,  
 8 possession or maintenance of any slot machine is a  
 9 misdemeanor and the penalty is the same as for misdemeanors  
 10 under this act.

11 Section 26. Gaming by minors prohibited -- loitering  
 12 prohibited -- revocation of license for permitting. (1) No  
 13 person under the age of eighteen (18) shall:

14 (a) play or be allowed to play any slot machine  
 15 licensed under this act;

16 (b) loiter or be permitted to loiter or be employed in  
 17 or about any room or immediate area where a licensed slot  
 18 machine is conducted and operated.

19 (2) Any licensee, employee, agent or other person  
 20 knowingly violating or knowingly permitting the violation of  
 21 any of the provisions of this section, and any person under  
 22 eighteen (18) years of age who violates any of the  
 23 provisions of this section is guilty of a misdemeanor.

24 (3) Conviction of a licensee for violation of this  
 25 section is grounds for suspension or revocation of the



1 licensee's license.

2 Section 27. Cheating games and devices -- penalty.

3 (1) It is unlawful to conduct, carry on, operate or allow  
4 to be conducted, carried on, operated or exposed for play  
5 any slot machine which may have been tampered with to  
6 deceive the public or equipped with electrical or other  
7 device which might render the slot machine more liable to  
8 win or lose.

9 (2) It is unlawful for any individual player to use  
10 any cheating or thieving device or any mechanical,  
11 electrical or other device or combination of the same or to  
12 tamper, damage or otherwise control any slot machine by any  
13 means designed and intended to increase the chance of  
14 winning or losing.

15 Section 28. Other penalties. Any person who willfully  
16 violates any provision of this act is guilty of a  
17 misdemeanor, unless another penalty is specifically  
18 provided.

19 In addition, upon certification to the board by any  
20 court of competent jurisdiction that a licensee has been  
21 convicted of a violation of any of the provisions of this  
22 act, the board may revoke the license, or at its discretion  
23 suspend the license for any period of time deemed  
24 justifiable.

25 Section 29. Summary seizure of unlawful or unlicensed

1 slot machines. Whenever it comes to the attention of any  
2 sheriff, peace officer or employee of the board that a  
3 person has in his possession an unlicensed slot machine,  
4 that sheriff, peace officer or employee of the board shall  
5 seize and take the slot machine before a magistrate of the  
6 county in which the slot machine is found.

7 The magistrate shall determine if the slot machine is  
8 unlicensed and he may order that slot machine forfeited to  
9 the state for appropriate disposition.

-End-

HB 660

## STATE OF MONTANA

REQUEST NO. 193-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for House Bill 660 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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:

House Bill 660 legalizes slot machines, creates the Montana Gaming Control Board, prescribes its duties and powers, provides for the collection and disposition of license fees, provides for local option elections and provides penalties.

## ASSUMPTIONS:

1. No historical data exists upon which to base quantitative predictions, thus the fiscal estimates are conjectural. In FY 76 there will be 1500 slot machines located in 600 locations. In FY 77 there will be 2500 slot machines located in 800 locations.
2. Fifty percent of fees collected will accrue to the state, the remainder to local governments.
3. An administrator and staff of three and an investigative team of five will be required.
4. The gaming control board will meet two days per month and travel an average of 300 miles per meeting.

## FISCAL IMPACT:

	FY 76	FY 77
I. Estimated increase in revenue to the State		
Slot machine license fees deposited in general fund	\$ 262,500	\$ 412,500
Slot machine license fees deposited in common school fund	262,500	412,500
Total increase in revenue	<u>\$ 525,000</u>	<u>\$ 825,000</u>
II. Estimated increase in expenditures by category		
Personal services	\$ 120,359	\$ 130,921
Operating Expenses	52,180	52,351
Capital Outlay	40,000	0
Total increase in expenditures	<u>\$ 212,539</u>	<u>\$ 183,272</u>
III. Net Effect ( I - II )	<u>\$ 312,461</u>	<u>\$ 641,728</u>

## CONCLUSION:

Enactment of House Bill 660 will result in an estimated net increase in license fee collections of \$954,189 during the 1975-77 biennium.

## LOCAL IMPACT:

Enactment of House Bill 660 will result in an estimated increase in license fee collections of \$1.35 million for local governments during the 1975-77 biennium.

## TECHNICAL NOTE:

Section 24, page 15, allocates 50% of license fee collections to "the respective county, city, or town treasurer". In cases where slot machines are located in cities or towns it is not clear which level of government would receive the license fee collections.

*Michael G. Belling*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 17, 1975

Select Comm. on Gambling,  
reported without recommendation  
as amended.

HOUSE BILL NO. 660

INTRODUCED BY O'CONNELL, TROPILA, MCFADDEN, LYNCH, MULAR, KELLY,  
QUILICI, MENAHAN

A BILL FOR AN ACT ENTITLED: "AN ACT LEGALIZING SLOT  
MACHINES; CREATING THE MONTANA GAMING CONTROL BOARD;  
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(2) "Application" means a request for the issuance of  
a state slot machine license under the provisions of this  
act;

(3) "Board" means the state gaming control board  
established by this act;

(4) "Chairman" means the chairman of the state gaming  
control board;

(5) "Member" or "Board Member" means a member of the

state gaming control board;

(6) "City" means any incorporated city or town;

(7) "County" means any political subdivision of the  
state designated by state law as a county;

(8) "Establishment" means any premises wherein or  
whereon any slot machine is operated;

(9) "Gaming" or "Gambling" means to operate, carry on,  
conduct, maintain or expose for play slot machines;

(10) "Hearing Examiner" means a member of the state  
gaming control board or other person authorized by the state  
gaming control board to conduct investigative hearings;

(11) "License" means any license issued by the state  
gaming control board under this act which authorizes the  
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be paid to obtain or renew a slot machine license;

(14) "Operation" means the use and maintenance of slot  
machines;

(15) "Party" means the state gaming control board or  
any licensee or other person appearing of record in any  
proceedings before the state gaming control board or hearing  
examiner, and any licensee or other person appearing of

1 record in any proceedings for judicial review of any action,  
2 decision or order of the board;

3 (16) "Year" means a period of twelve consecutive  
4 months commencing on the first day of July in any year;

5 (17) "Person" means any corporation, firm,  
6 association, trust or partnership as well as a natural  
7 person;

8 (18) "Respondent" means any licensee or other person  
9 against whom a complaint has been filed with the board;

10 (19) "Slot Machine" means any mechanical, electrical  
11 or other device, contrivance or machine which, upon the  
12 insertion of a coin, token or similar object therein or upon  
13 the payment of any consideration, is available to play or  
14 operate, the play or operation, whether by reason of the  
15 skill of the operator or application of the element of  
16 chance, or both, may deliver or entitle the person playing  
17 or operating the machine to receive cash, premiums,  
18 merchandise, tokens or anything of value, whether the payoff  
19 is made automatically from the machine or in any other  
20 manner.

21 Section 3. Creation of board -- ALLOCATION. There is  
22 a Montana state gaming control board which consists of five  
23 (5) members. THE BOARD IS ALLOCATED TO THE DEPARTMENT OF  
24 REVENUE FOR ADMINISTRATIVE PURPOSES ONLY AS PROVIDED IN  
25 SECTION 82A-108, R.C.M. 1947.

1 Section 4. Members -- qualification and eligibility.

2 (1) Each member of the board shall be:

3 (a) a citizen of the United States; and

4 (b) a resident of the state of Montana for more than  
5 five (5) years prior to appointment.

6 (2) No member of the legislature, no person holding  
7 any elective office in state or local government, nor any  
8 officer or official of any political party is eligible for  
9 appointment to the board.

10 (3) The board shall be composed of the most qualified  
11 persons available, preferably no two of whom are of the same  
12 profession or major field of industry.

13 (4) Not more than three (3) members of the board shall  
14 be of the same major political affiliation.

15 Section 5. Members -- appointment -- terms --  
16 vacancies -- removal -- chairman. (1) The members of the  
17 board are appointed by the governor and confirmed by the  
18 senate.

19 (2) ~~The--governor--designates--the--member--to--serve--as~~  
20 ~~chairman--of--the--board.~~ THE BOARD SHALL SELECT A CHAIRMAN  
21 FROM ITS OWN MEMBERSHIP ANNUALLY.

22 (3) Appointment to the first board, except those to  
23 fill unexpired terms, is for terms as follows:

24 (a) three (3) members for four (4) years;

25 (b) two (2) members for two (2) years;

1 (c) thereafter, all members are appointed for a term  
2 of four (4) years.

3 (4) Appointments to fill vacancies on the board are  
4 for the unexpired term of the member to be replaced, and are  
5 appointed by the governor and confirmed by the senate.

6 Section 6. Compensation of members -- travel and per  
7 diem expense. The board members shall each receive  
8 twenty-five dollars (\$25) per day while engaged in the board  
9 business and shall be reimbursed for travel and expenses  
10 incurred while attending meetings of the board.

11 Section 7. Organization of board -- administrator --  
12 other personnel -- equipment -- administrative costs.

13 (1) The board may:

14 (a) establish, and from time to time alter, a plan of  
15 organization as it deems expedient;

16 (b) employ and discharge an administrator who shall  
17 receive an annual salary to be set by the board;

18 (c) employ and discharge other necessary personnel;

19 (d) acquire furnishings, equipment, supplies,  
20 stationery, books, license forms, tax stamps and all other  
21 things necessary to carry out its functions;

22 (e) incur other expense, within the limit of funds  
23 available, it deems necessary.

24 All costs of administration incurred by the board shall  
25 be paid out on claims from the general fund in the same

1 manner as other claims against the state.

2 (2) The board shall classify its employees as  
3 executive, supervisory, investigative and clerical.

4 Section 8. Offices of the board. (1) The board shall  
5 keep its main office at Helena, Montana, in space provided  
6 by the department of administration.

7 (2) The board may, if necessary, maintain a branch  
8 office at any other place in this state, in space to be  
9 provided by the department of administration.

10 Section 9. Meetings -- quorum. (1) Regular and  
11 special meetings of the board may be held, at the discretion  
12 of the board, at times and places it deems convenient, but  
13 at least one regular meeting shall be held each month.

14 (2) Public notice of the time and place of special  
15 meetings shall be given at least seven (7) days prior to  
16 that meeting.

17 (3) All meetings of the board are open to the public.

18 (4) A majority of the members constitutes a quorum and  
19 a majority of members present at any meeting determines  
20 actions of the board.

21 Section 10. Records of the board. (1) The board  
22 shall cause to be made and kept a record of all proceedings  
23 held at regular or special meetings of the board. These  
24 records are open for public inspection.

25 (2) The board shall keep and maintain a file of all

1 applications for licenses under this act, together with a  
 2 record of all action taken with respect to applications.  
 3 This file and record is open to public inspection.

4 (3) The board may maintain other files and records it  
 5 deems desirable.

6 (4) All files, records and reports and other  
 7 information pertaining to gaming matters in possession of  
 8 the department of revenue of the state of Montana shall be  
 9 made available to the state gaming control board as  
 10 necessary for the administration of this act.

11 Section 11. State policy concerning slot machines. It  
 12 is the policy of this state that all establishments where  
 13 slot machines are operated in the state of Montana shall be  
 14 licensed and regulated to better protect the public health,  
 15 safety, morals, good order and general welfare of the  
 16 inhabitants of the state of Montana.

17 Any license issued under this act is a revocable  
 18 privilege, and no holder acquires any vested rights therein  
 19 or thereunder.

20 Section 12. Powers and duties of the state gaming  
 21 control board. (1) The provisions of this act are  
 22 administered by the state gaming control board.

23 (2) The board shall investigate the qualifications of  
 24 each applicant for a license under this act before license  
 25 is issued and shall continue to observe the conduct of all

1 licensees to assure that licenses are not issued to or held  
 2 by:

- 3 (a) unqualified or disqualified persons;
- 4 (b) unsuitable persons; or
- 5 (c) persons whose operations are conducted in an  
 6 unsuitable manner; or for unsuitable or prohibited places or  
 7 locations.

8 (3) The board may:

- 9 (a) deny,
- 10 (b) limit,
- 11 (c) condition,
- 12 (d) restrict,
- 13 (e) suspend, or
- 14 (f) revoke a license for any violation of this act or  
 15 rules established by the board.

16 (4) The board and its agents, inspectors and employees  
 17 may inspect all slot machines.

18 Section 13. Regulations -- adoption -- amendment --  
 19 repeal. (1) The board shall adopt, amend or repeal rules,  
 20 consistent with the policy, objects and purposes of this  
 21 act, it deems necessary, in the public interest, to carry  
 22 out the policy and provisions of this act.

23 (2) These rules may include the following:

- 24 (a) prescription of the method and form of application  
 25 which an applicant for a slot machine license shall follow

1 and complete prior to its consideration;

2 (b) prescription of the information to be furnished by

3 any applicant or licensee concerning that person's

4 antecedents, habits, character, associates, criminal record,

5 business activities and financial affairs;

6 (c) requirement of fingerprinting of an applicant or

7 licensee or employee of a licensee or other methods of

8 identification;

9 (d) prescription of the manner and procedure for all

10 hearings conducted by the board or any hearing examiner of

11 the board, including special rules of evidence applicable

12 thereto and notices thereof;

13 (e) requirement of any applicant to pay all or any

14 part of the cost of investigation of that applicant;

15 (f) prescription of the manner and method of

16 collection and payment of fees and issuance of licenses;

17 (g) definition and limitation of the area and the

18 method of operation of slot machines;

19 (h) requirement of an applicant or licensee to waive

20 any privilege with respect to testimony at any hearing or

21 meeting of the board, except a privilege afforded by the

22 Constitution of the United States or this state.

23 Section 14. Investigations of violations -- complaints

24 -- disciplinary proceedings -- suspension -- revocation of

25 licenses. (1) The board shall investigate any apparent

1 violations of this act or any rule adopted thereunder which

2 come to its attention and, when disciplinary or other action

3 is necessary shall conduct the necessary investigative

4 hearings.

5 (2) If, after investigation, the board is satisfied

6 that a license should be limited, conditioned, suspended or

7 revoked, it shall issue an order to show cause setting

8 forth:

- 9 (a) the name of the licensee,
- 10 (b) the nature of the violation alleged to have been
- 11 committed, and
- 12 (c) the time and place of the hearing.

13 The licensee may appear at that time and place with his

14 attorney and witnesses and produce testimony on his behalf

15 and he may cross-examine any and all witnesses appearing on

16 behalf of the board and the attorney for the board may

17 cross-examine the witnesses produced by the licensee. A

18 record or transcript of all testimony adduced at that

19 hearing shall be made. The board shall make its findings

20 and issue a final order at the conclusion of all testimony.

21 A copy of the findings and final order shall be sent to the

22 licensee by certified mail. The licensee shall have the

23 right to appeal to the district court of the first judicial

24 district of the state of Montana, in and for the county of

25 Lewis and Clark, and that appeal shall be heard on the

1 record made at the hearing before the board and no other  
 2 testimony may be introduced unless the court or judge, upon  
 3 good cause shown, allows additional testimony.

4 (3) A final order of the board is effective until  
 5 reversed or modified upon appeal, except the board may stay  
 6 its final order pending appeal upon terms and conditions it  
 7 deems proper.

8 (4) The transcript of the hearings on the order to  
 9 show cause shall be furnished by the board at the expense of  
 10 the licensee.

11 (5) Notice of appeal shall be filed, by the licensee,  
 12 with the board and the district court within ten (10) days  
 13 of receipt of the findings and final order of the board; the  
 14 transcript of the record shall be filed in the district  
 15 court within sixty (60) days thereafter.

16 Section 15. License required. (1) It is unlawful for  
 17 a person, either as owner, lessee or employee, whether for  
 18 hire or not, either solely or in conjunction with others:

19 (a) to operate, carry on, conduct, maintain or expose  
 20 for play in the state of Montana, any slot machine; or

21 (b) to receive, directly or indirectly, any  
 22 compensation or reward or any percentage or share of the  
 23 money or property played for keeping, running, carrying on  
 24 or permitting the same to be carried on without having first  
 25 procured, and thereafter maintaining in full force and

1 effect, all federal and state licenses as required by  
 2 statute.

3 (2) It is unlawful for any person to lend, let, lease  
 4 or otherwise deliver or furnish any slot machine for any  
 5 interest or any percentage or share of the money or property  
 6 played, under guise of any agreement, without having first  
 7 procured a state slot machine license for that purpose.

8 (3) Any person who knowingly permits a slot machine or  
 9 device to be conducted, operated or carried on in any house  
 10 or building or other premises owned by him, in whole or in  
 11 part, except by a person who is licensed, or his employee,  
 12 is guilty of a misdemeanor.

13 Section 16. Qualification for license. A person shall  
 14 have the following qualifications to obtain a state license:

15 (1) be a resident of the state of Montana for one (1)  
 16 year prior to application;

17 (2) be a citizen of the United States;

18 (3) have not been convicted of a felony, or of a crime  
 19 which, if convicted in the state of Montana, would have been  
 20 a felony or of a crime involving moral turpitude; however,  
 21 the person's right to a license is restored upon termination  
 22 of state supervision;

23 (4) have good moral character and reputation.

24 Section 17. Application for state licenses -- contents  
 25 and supplemental forms. (1) Application for a state slot



1 machine license is made to the state gaming control board on  
2 forms furnished by it and in accordance with rules of the  
3 board. Applications shall include:

- 4 (a) the name of the proposed licensee;
- 5 (b) the location of his place of business;
- 6 (c) the number and kinds of slot machines to be  
7 operated;
- 8 (d) the names of all persons, directly or indirectly  
9 interested in the business and the nature of such interest;  
10 and
- 11 (e) other information and details the board may  
12 require in order to discharge its duties.

13 (2) The board shall furnish to the applicant  
14 supplemental forms which the applicant shall complete and  
15 file with the application. These supplemental forms shall  
16 require, but shall not be limited to, complete information  
17 and details with respect to the applicant's antecedents,  
18 habits, character, criminal record, business activities,  
19 financial affairs and business associates, covering at least  
20 a five (5) year period immediately preceding the date of  
21 filing of the application.

22 Section 18. License fees -- STATE AND LOCAL. The  
23 license fees are:

- 24 (1) five hundred dollars (\$500) per year for each  
25 establishment where slot machines are operated; and

- 1 (2) five hundred dollars (\$500) per year for each slot  
2 machine operated in an establishment.

3 (3) IN ADDITION TO LICENSE FEES REQUIRED IN  
4 SUBSECTIONS (1) AND (2) OF THIS SECTION, EACH INCORPORATED  
5 CITY OR TOWN WHERE SLOT MACHINES HAVE NOT BEEN PROHIBITED  
6 UNDER SECTION 25 OF THIS ACT, MAY IMPOSE A LICENSE FEE ON  
7 EACH LICENSED SLOT MACHINE IN THAT LOCAL GOVERNMENT NOT TO  
8 EXCEED TWO HUNDRED FIFTY DOLLARS (\$250). IF THE LICENSED  
9 SLOT MACHINE IS LOCATED OUTSIDE THE CORPORATE LIMITS OF THE  
10 CITY OR TOWN, THE RESPECTIVE COUNTY GOVERNMENT MAY IMPOSE  
11 THE FEE.

12 Section 19. Limitation on number of slot machines.  
13 The number of slot machines which may be operated,  
14 maintained or conducted on any premises licensed under this  
15 act, is limited to not more than five (5).

16 Section 20. Posting and inspection of licenses. All  
17 licenses and tax stamps (state or federal) shall be posted  
18 by the licensee in a conspicuous place in the establishment  
19 for which it is issued until replaced by a succeeding  
20 license or stamp.

21 All licenses and stamps may be inspected by authorized  
22 state, county or municipal officers who shall report, in  
23 writing to the board and sheriff of the county where  
24 located, all slot machines found to be operating without a  
25 valid license.

1 Section 21. Renewal of licenses. (1) A license in  
2 force may be renewed by the board for the next succeeding  
3 license year upon proper application for renewal and payment  
4 of all required fees.

5 (2) All licenses shall be renewed on July 1 of each  
6 year.

7 (3) Application for renewal shall be filed with the  
8 board and all license fees paid not later than June 1 of  
9 each year.

10 (4) Renewal fees are the same as those required for  
11 the issuance of a new license.

12 Section 22. Declaration of state's exemption from the  
13 Gambling Devices Transportation Act. Under section 2, of  
14 the Gambling Devices Transportation Act, 15 U.S.C. section  
15 1171 et seq., the state of Montana declares it is exempt  
16 from the provisions of that section of that act.

17 Section 23. Legal shipments of slot machines into the  
18 state of Montana. All shipments of slot machines into this  
19 state, the registering, recording and labeling of which has  
20 been had by the manufacturer or dealer thereof in accordance  
21 with sections 3 and 4 of the Gambling Devices Transportation  
22 Act, 15 U.S.C. section 1171 et seq., are legal shipments  
23 into this state.

24 Section 24. License fees -- deposits -- disbursal.  
25 License fees collected under this act shall be deposited

1 with the state treasurer not later than the close of  
2 business the next business day after receipt. The state  
3 treasurer shall credit twenty-five percent (25%) of the  
4 gross revenue received to the state general fund;  
5 ~~twenty-five percent-(25%)~~ FIFTY PERCENT (50%) to the ~~common~~  
6 ~~school-fund~~ SCHOOL FOUNDATION PROGRAM FOR REDUCTION OF LOCAL  
7 PROPERTY TAX; and ~~fifty-percent-(50%)~~ TWENTY-FIVE PERCENT  
8 (25%) to the respective county, city or town treasurer, in  
9 the proportion that the gross revenue is received by the  
10 board from license fees from the respective localities. The  
11 state treasurer shall transmit the county or incorporated  
12 municipality share quarterly.

13 Section 25. Slot machines declared lawful -- local  
14 option. Any slot machine conducted in conformity with this  
15 act is lawful in the state of Montana; provided, however,  
16 any county or city may, by a majority of the votes cast in  
17 an election called for the purpose, declare slot machines in  
18 that county or city unlawful. The election shall be called  
19 by the county commissioners or the city council upon  
20 presentation of a petition containing the names of ~~thirty~~  
21 FIFTEEN percent ~~(30%)~~ (15%) of the registered voters of the  
22 county or city as shown by the number of votes cast for  
23 governor at the last general election within that county or  
24 city. The procedures of the general election laws shall  
25 govern the conduct of the election insofar as they are

1 applicable. In the event a majority of the votes cast is  
 2 opposed to slot machines in the county or city, then the  
 3 operation, possession or maintenance of any slot machine is  
 4 a misdemeanor and the penalty is the same as for  
 5 misdemeanors under this act.

6 SECTION 26. AT LEAST EIGHTY PERCENT (80%) RETURN. ALL  
 7 SLOT MACHINES SHALL RETURN TO THE PLAYING PUBLIC AS  
 8 WINNINGS, AT LEAST EIGHTY PERCENT (80%) OF THE MONEYS  
 9 DEPOSITED IN THEM.

10 Section 27. Gaming by minors prohibited -- loitering  
 11 prohibited -- revocation of license for permitting. (1) No  
 12 person under the age of eighteen (18) shall: '

13 (a) play or be allowed to play any slot machine  
 14 licensed under this act;

15 (b) loiter or be permitted to loiter or be employed in  
 16 or about any room or immediate area where a licensed slot  
 17 machine is conducted and operated.

18 (2) Any licensee, employee, agent or other person  
 19 knowingly violating or knowingly permitting the violation of  
 20 any of the provisions of this section, and any person under  
 21 eighteen (18) years of age who violates any of the  
 22 provisions of this section is guilty of a misdemeanor.

23 (3) Conviction of a licensee for violation of this  
 24 section is grounds for suspension or revocation of the  
 25 licensee's license.

1 Section 28. Cheating games and devices -- penalty.  
 2 (1) It is unlawful to conduct, carry on, operate or allow  
 3 to be conducted, carried on, operated or exposed for play  
 4 any slot machine which may have been tampered with to  
 5 deceive the public or equipped with electrical or other  
 6 device which might render the slot machine more liable to  
 7 win or lose.

8 (2) It is unlawful for any individual player to use  
 9 any cheating or thieving device or any mechanical,  
 10 electrical or other device or combination of the same or to  
 11 tamper, damage or otherwise control any slot machine by any  
 12 means designed and intended to increase the chance of  
 13 winning or losing.

14 ~~Section 28. -- Other penalties. -- Any person who willfully~~  
 15 ~~violates any provision of this act is guilty of a~~  
 16 ~~misdemeanor, unless another penalty is specifically~~  
 17 ~~provided.~~

18 ~~In addition, upon certification to the board by any~~  
 19 ~~court of competent jurisdiction that a licensee has been~~  
 20 ~~convicted of a violation of any of the provisions of this~~  
 21 ~~act, the board may revoke the license, or at its discretion~~  
 22 ~~suspend the license for any period of time deemed~~  
 23 ~~justifiable.~~

24 SECTION 29. PENALTIES. (1) A PERSON WHO VIOLATES ANY  
 25 PROVISION OF THIS ACT, EXCEPT THOSE ENUMERATED IN SUBSECTION

1 (2) OF THIS SECTION, IS GUILTY OF A FELONY AND UPON  
2 CONVICTION SHALL BE PUNISHED BY A FINE OF AT LEAST TEN  
3 THOUSAND DOLLARS (\$10,000), BUT NOT TO EXCEED ONE HUNDRED  
4 THOUSAND DOLLARS (\$100,000) OR IMPRISONMENT IN THE STATE  
5 PRISON FOR A TERM NOT TO EXCEED TEN (10) YEARS.

6 (2) A PERSON WHO VIOLATES SECTION 15, 27(2), OR 26(1)  
7 OF THIS ACT IS GUILTY OF A MISDEMEANOR AND UPON CONVICTION  
8 SHALL BE PUNISHED BY A FINE NOT LESS THAN FIVE HUNDRED  
9 DOLLARS (\$500) OR MORE THAN ONE THOUSAND DOLLARS (\$1000), OR  
10 IMPRISONED IN THE COUNTY JAIL FOR A TERM NOT TO EXCEED SIX  
11 (6) MONTHS, OR BOTH.

12 Section 30. Summary seizure of unlawful or unlicensed  
13 slot machines. Whenever it comes to the attention of any  
14 sheriff, peace officer or employee of the board that a  
15 person has in his possession an unlicensed slot machine,  
16 that sheriff, peace officer or employee of the board shall  
17 seize and take the slot machine before a magistrate of the  
18 county in which the slot machine is found.

19 The magistrate shall determine if the slot machine is  
20 unlicensed and he may order that slot machine forfeited to  
21 the state for appropriate disposition.

-End-