# HOUSE BILL NO. 189

## INTRODUCED BY PAVLOVICH

# BY REQUEST OF THE DEPARTMENT OF COMMERCE

## IN THE HOUSE

IN	THE HOUSE
JANUARY 14, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
JANUARY 23, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 24, 1987	PRINTING REPORT.
JANUARY 26, 1987	SECOND READING, DO PASS.
	ON MOTION, TAKEN FROM ENGROSSING AND REREFERRED TO COMMITTEE ON APPROPRIATIONS.
JANUARY 27, 1987	ENGROSSING REPORT.
FEBRUARY 18, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 19, 1987	PRINTING REPORT.
FEBRUARY 20, 1987	SECOND READING, DO PASS.
	ENGROSSING REPORT.
FEBRUARY 21, 1987	THIRD READING, PASSED. AYES, 88; NOES, 2.
	TRANSMITTED TO SENATE.
IN	THE SENATE
FEBRUARY 23, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
MARCH 6, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 10, 1987	SECOND READING, CONCURRED IN.

MARCH 12, 1987

THIRD READING, CONCURRED IN.

AYES, 44; NOES, 6.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 13, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 #B BILL NO. 189
2 INTRODUCED BY Aviouria

BY REQUEST OF THE DEPARTMENT OF COMMERCE

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A BILL FOR AN ACT ENTITLED: "AN ACT TO TRANSFER ADMINISTRATION OF THE VIDEO DRAW POKER MACHINE CONTROL LAW OF 1985 TO THE DEPARTMENT OF COMMERCE FROM THE DEPARTMENT OF REVENUE; TO ALLOW THE DEPARTMENT TO RETAIN 5 PERCENT OF THE LICENSE FEE TO ADMINISTER THE LAW; AMENDING SECTIONS 23-5-602 AND 23-5-612, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

14 Section 1. Section 23-5-602, MCA, is amended to read:

"23-5-602. Definitions. As used in this part, the

following definitions apply:

- (1) "Department" means the department of revenue commerce.
- 19 (2) "Licensed establishment" means an establishment
  20 that is licensed to sell alcoholic beverages for consumption
  21 on the premises.
  - (3) "Licensee" means an individual, partnership, or corporation that has been issued a license by the department for the placement and operation of video draw poker machines in the licensed establishment of the individual,

Montana Legislative Council

partnership, or corporation.

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(4) "Used video draw poker machine" means a video draw poker machine, as that term is defined in this section, which is owned or possessed by an applicant on the day he applies for a license for the used machine and which was owned or operated in the state prior to February 3, 1984.

video game machine that, upon insertion of cash, is available to play or simulate the play of the game of draw poker, as provided in this part, utilizing a video display and microprocessors in which, by the skill of the player or by chance, or both, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, tokens, or anything else of value."

Section 2. Section 23-5-612, MCA, is amended to read:

"23-5-612. State license -- fee -- used video draw
poker machines. (1) (a) The department of--revenue, upon
payment of the fee provided in subsection (1)(b) and in
conformance with rules adopted under 23-5-605, shall issue
to the licensee a license for each video draw poker machine.

22 (b) The department shall charge an annual license fee 23 of \$1,500 for each machine. The department shall retain 5% 24 of the total license fee collected in-fiscal-years-1986-and 25 1987--and--shall--retain--3%--thereafter for purposes of

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1 administering this part, except 23-5-615. The department 2 shall deposit one-third of the remaining fee in the state general fund and forward two-thirds of the remaining fee to 3 the treasurer of the county or the clerk, finance officer, 4 or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from fees on licensed machines located in cities and towns. The license expires on June 30 of each year, and the fee is prorated. The two-thirds portion of the annual fee is statutorily appropriated to the department as provided in 17-7-502 for deposit to the county or municipal treasury.

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(2) A used video draw poker machine may be licensed under subsection (1) without meeting the requirements of 23-5-606 (4)(j), (4)(k), and (4)(o) if the applicant for licensure can establish to the satisfaction of the department that, on the date of application, he owns or possesses a machine which was owned or operated in the state prior to February 3, 1984. A license issued under this subsection expires 1 year from the date of issuance or on July 1, 1987, whichever occurs first."

22 NEW SECTION. Section 3. Extension of authority, Any 23 existing authority to make rules on the subject of the provisions of this act is extended to the provisions of this 24 25 act.

NEW SECTION. Section 4. Name all 1 change. 2 provisions passed by the 50th legislature wherein reference 3 is made to administration of the Video Draw Poker Machine 4 Control Law of 1985 by the department of revenue, the code commissioner shall change the reference to reflect this act. 6 NEW SECTION. Section 5. Effective date. This act is

effective on passage and approval.

-End-

## STATE OF MONTANA - FISCAL NOTE

#### Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB189, as introduced.

### DESCRIPTION OF PROPOSED LEGISLATION:

Transfers the administration of the video poker program from the Department of Revenue to the Department of Commerce; allows the Department of Commerce to retain 5% of the license fee to administer the law.

#### **ASSUMPTIONS:**

- 1. The licensing fees will generate \$4,255,670 in FY88 and \$4,298,969 in FY89.
- 2. The video poker investigation function will remain in its current physical location, and will be contracted for by the video poker program.

#### FISCAL IMPACT:

### Expenditures:

This legislation will make available additional funds for administrative purposes totalling \$85,113 in FY88 and \$85,979 in FY89. The appropriations committee will have the option of allowing these funds to be used for administrative purposes rather than to be passed through to local governments.

Revenues:		FY88			FY89		
	Current	Proposed		Current	Proposed		
	Law	Law	Difference	Law	Law	Difference	
	\$4,225,670	\$4,255,670	\$ 0	\$4,298,969	\$4,298,969	\$ 0	

## EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

If administrative costs are increased in the appropriations process, local government allotments will be reduced by a like amount.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

Der Kalut

DATE

DILL

ROBERT J. PAVLOVICH, PRIMARY SPONSOR

Fiscal Note for HB189, as introduced.

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# APPROVED BY COMM. ON BUSINESS AND LABOR

#B BILL NO. 189 1 INTRODUCED BY BY REQUEST OF THE DEPARTMENT OF COMMERCE 3 A BILL FOR AN ACT ENTITLED: "AN ACT то TRANSFER ADMINISTRATION OF THE VIDEO DRAW POKER MACHINE CONTROL LAW OF 1985 TO THE DEPARTMENT OF COMMERCE FROM THE DEPARTMENT OF 7 REVENUE: TO ALLOW THE DEPARTMENT TO RETAIN 5 PERCENT OF THE 9 LICENSE FEE TO ADMINISTER THE LAW; AMENDING SECTIONS 23-5-602 AND 23-5-612, MCA; AND PROVIDING AN IMMEDIATE 10 EFFECTIVE DATE." 11 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 13 Section 1. Section 23-5-602, MCA, is amended to read: 14 "23-5-602. Definitions. As used in this part, the 15 16 following definitions apply: 17 (1) "Department" means the department of revenue 18 commerce. (2) "Licensed establishment" means an establishment 19 that is licensed to sell alcoholic beverages for consumption 20 21 on the premises. (3) "Licensee" means an individual, partnership, or 22 corporation that has been issued a license by the department 23 for the placement and operation of video draw poker machines 24

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- (4) "Used video draw poker machine" means a video draw poker machine, as that term is defined in this section, which is owned or possessed by an applicant on the day he applies for a license for the used machine and which was owned or operated in the state prior to February 3, 1984.
- (5) "Video draw poker machine" means an electronic video game machine that, upon insertion of cash, is available to play or simulate the play of the game of draw poker, as provided in this part, utilizing a video display and microprocessors in which, by the skill of the player or by chance, or both, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, tokens, or anything else of value."
- Section 2. Section 23-5-612, MCA, is amended to read:

  "23-5-612. State license -- fee -- used video draw
  poker machines. (1) (a) The department of--revenue, upon
  payment of the fee provided in subsection (1)(b) and in
  conformance with rules adopted under 23-5-605, shall issue
  to the licensee a license for each video draw poker machine.
- (b) The department shall charge an annual license fee of \$1,500 for each machine. The department shall retain 5% of the total license fee collected in-fiscal-years-1986-and 1987--and--shall--retain--3%--thereafter for purposes of

LC 0954/01

LC 0954/01

administering this part, except 23-5-615. The department shall deposit one-third of the remaining fee in the state general fund and forward two-thirds of the remaining fee to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from fees on licensed machines located in cities and towns. The license expires on June 30 of each year, and the fee is prorated. The two-thirds portion of the annual fee is statutorily appropriated to the department as provided in 17-7-502 for deposit to the county or municipal treasury.

(2) A used video draw poker machine may be licensed under subsection (1) without meeting the requirements of 23-5-606 (4)(j), (4)(k), and (4)(o) if the applicant for licensure can establish to the satisfaction of the department that, on the date of application, he owns or possesses a machine which was owned or operated in the state prior to February 3, 1984. A license issued under this subsection expires 1 year from the date of issuance or on July 1, 1987, whichever occurs first."

NEW SECTION. Section 3. Extension of authority. Any existing authority to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 4. Name change. In all provisions passed by the 50th legislature wherein reference is made to administration of the Video Draw Poker Machine Control Law of 1985 by the department of revenue, the code commissioner shall change the reference to reflect this act.

NEW SECTION. Section 5. Effective date. This act is

-End-

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BY REQUEST OF THE DEPARTMENT OF COMMERCE

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<sub>-</sub> THIRD READING

HB-189

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HB 0189/02

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