

HOUSE BILL 255

Introduced by Pavlovich

1/17	Introduced
1/18	Referred to Business & Economic Development
1/19	Fiscal Note Requested
1/26	Fiscal Note Received
1/26	Fiscal Note Printed
	Died in Committee

1 *House* BILL NO. 255  
 2 INTRODUCED BY *Carson*  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A  
 5 CUMULATIVE LIMIT ON THE NUMBER OF BINGO OR KENO AND VIDEO  
 6 DRAW POKER MACHINES IN AN ESTABLISHMENT; AMENDING SECTIONS  
 7 23-5-414 AND 23-5-611, MCA; AND PROVIDING AN EFFECTIVE  
 8 DATE."  
 9

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

11 **Section 1.** Section 23-5-414, MCA, is amended to read:

12 "23-5-414. (Temporary) Restrictions on bingo, keno,  
 13 and raffles -- bingo or keno machines in establishment  
 14 limit. (1) In the playing of bingo or keno, no person who is  
 15 not physically present on the premises where the game is  
 16 actually conducted shall be allowed to participate as a  
 17 player in the game.

18 (2) Raffles authorized by this part shall be  
 19 restricted to events and participants within the geographic  
 20 confines of the state of Montana.

21 (3) No Except as provided in subsection (4), no  
 22 establishment may receive licenses under 23-5-421 for or  
 23 make available for play more than ~~40~~ 10 bingo or keno  
 24 machines.

25 (4) Subject to the provisions of 23-5-611(3), a person

1 who receives a license under 23-5-611 to have and make  
 2 available for play in an establishment fewer than 10 video  
 3 draw poker machines may receive licenses for bingo or keno  
 4 machines that will cause the total of video draw poker and  
 5 bingo or keno machines available for play in the  
 6 establishment to be 20 or fewer.

7 23-5-414. (Effective July 1, 1988) Restrictions on  
 8 bingo, keno, and raffles -- bingo or keno machines in  
 9 establishment limit -- hours of operation -- exception. (1)  
 10 In the playing of bingo or keno, no person who is not  
 11 physically present on the premises where the game is  
 12 actually conducted shall be allowed to participate as a  
 13 player in the game.

14 (2) Raffles authorized by this part shall be  
 15 restricted to events and participants within the geographic  
 16 confines of the state of Montana.

17 (3) No Except as provided in subsection (4), no  
 18 establishment may receive licenses under 23-5-421 for or  
 19 make available for play more than ~~15~~ 10 bingo or keno  
 20 machines. ~~A local governing body, however, may restrict the~~  
 21 ~~number of licensed machines available for play in an~~  
 22 ~~establishment to less than 15, but must allow at least 5,~~

23 (4) Subject to the provisions of 23-5-611(3), a person  
 24 who receives a license under 23-5-611 to have and make  
 25 available for play in an establishment fewer than 10 video

draw poker machines may receive licenses for bingo or keno machines that will cause the total of video draw poker and bingo or keno machines available for play in the establishment to be 20 or fewer.

(4)(5) (a) Except as provided in subsection (4)(b) (5)(b), an establishment that receives a license to make a bingo or keno machine available for play must have the machine shut off each day during the hours provided in 16-3-304 for closure of licensed retail alcoholic beverage establishments.

(b) A local governing body may establish any hours of play for bingo or keno machines that it determines proper."

**Section 2.** Section 23-5-611, MCA, is amended to read:

"23-5-611. State license qualifications -- limitations -- right to hearing. (1) (a) A person who has been granted a license under 16-4-401(2) to sell alcoholic beverages for consumption on the premises may be granted a license for the placement of video draw poker machines in his licensed establishment.

(b) Each applicant for a license shall on the application form disclose to the department any previous experience or involvement as an owner or operator of gambling devices and establishments. Previous experience or involvement includes:

(i) controlling of gambling devices as an owner or

operator;

(ii) employment with the owner or operator of gambling devices;

(iii) employment in establishments where gambling is offered to the public; and

(iv) conviction of violation of state or local gambling laws in any jurisdiction.

(2) A Except as provided in subsection (3), a licensee may not have on the premises or make available for play on the premises of his licensed establishment more than five 10 video draw poker machines.

(3) (a) A person may apply for and receive licenses to have and make available for play more than 10 video draw poker machines in an establishment if he:

(i) qualifies for a license under subsection (1); and

(ii) applies for and is granted licenses under 23-5-421 to have and make available for play fewer than 10 bingo or keno machines.

(b) Nothing in this section allows a person to have licenses for and make available for play more than a total of 20 bingo or keno and video draw poker machines.

(4) The department shall provide a procedure by which the local governing body under 23-5-421 may verify that an applicant under subsection (3) has received licenses to have and make available for play fewer than 10 bingo or keno

1 machines.

2       †3†(5) A person denied a state license has the right  
3 to a hearing before the department. The hearing must be  
4 conducted in accordance with the provisions of the Montana  
5 Administrative Procedure Act."

6       **Section 3. Extension of authority.** Any existing  
7 authority to make rules on the subject of the provisions of  
8 [this act] is extended to the provisions of [this act].

9       **Section 4. Effective date.** [This act] is effective  
10 July 1, 1989.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB255, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

HB255 establishes a cumulative limit on the number of bingo or keno and video draw poker machines in an establishment.

ASSUMPTIONS:

1. The Department of Commerce (DOC) is not able to provide an accurate breakdown of gross tax collected between video poker machines and keno/bingo machines under current law.
2. The DOC is able to calculate the marginal changes in types of machines licensed under the proposed law and to project net increases and decreases to tax collected on the two types of machines based on available statistics and additional assumptions outlined below.
3. One-half of the establishments that maintain the maximum number of video poker machines under current law will add an average of three new machines under the proposed law.
4. The number of keno/bingo machines estimated to be removed under the proposed law, and the associated reduction in tax to be collected, is based on the assumption that all establishments with more than ten keno/bingo machines in play currently will remove the excess from play.
5. Local governments will continue to receive two-thirds of the gaming machine net tax collected pursuant to 23-5-610, MCA, and one-third will be deposited to the general fund.
6. Because the DOC anticipates that this bill will cause an increase in license applications and quarterly reports, 1.00 FTE grade 8 clerk and minimal equipment expenses are added to the recommended executive budget which is shown under current law. All administrative costs are funded with the license fees revenue.

FISCAL IMPACT:

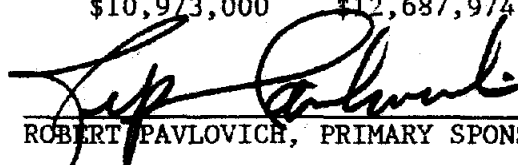
	<u>FY90</u>			<u>FY91</u>		
Dept. of Commerce:	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Personal Services	\$ 239,950	\$ 255,586	\$ 15,636	\$ 240,414	\$ 256,050	\$ 15,636
Operating Expenses	378,309	-0-	-0-	376,886	-0-	-0-
Equipment	25,450	27,445	1,995	13,895	-0-	-0-
Total	\$ 643,709	\$ 661,340	\$ 17,631	\$ 631,195	\$ 646,831	\$ 15,636
<u>Funding:</u>						
State Special Revenue						
Gambling License Fees	643,709	661,340	17,631	631,195	646,831	15,636
<u>Revenues:</u>						
State Special Revenue	982,000	1,013,000	31,400	990,000	1,021,400	31,400
To General Fund	3,589,000	3,853,191	264,191	3,625,000	3,888,858	263,858
To Local Gov't	7,178,000	7,706,383	528,383	7,249,000	7,777,716	528,716
Total	\$11,749,000	\$12,572,574	\$823,974	\$10,973,000	\$12,687,974	\$823,974



RAY SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE

1/26/89



ROBERT PAVLOVICH, PRIMARY SPONSOR

DATE

Fiscal Note for HB255, as introduced

HB 255

Fiscal Note Request HB255 as introduced

Form BD-15

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EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Using these assumptions, distribution of gambling machine revenue to local government would increase by \$528,383 in FY90 and by \$528,716 in FY91.