

HOUSE BILL 60

Introduced by Driscoll

6/26	Introduced
6/26	Referred to Labor & Employment Relations
6/27	Hearing
6/27	Fiscal Note Requested
6/28	Tabled in Committee
7/05	Fiscal Note Received

1 House BILL NO. 60
2 INTRODUCTION BY Ernst
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING UNLIMITED
5 PROGRESSIVE PRIZES IN VIDEO GAMBLING MACHINES CONNECTED TO A
6 CENTRALIZED COMPUTERIZED SYSTEM; PROVIDING FOR A 25 PERCENT
7 TAX ON NET MACHINE INCOME FROM EACH MACHINE ON THE SYSTEM;
8 DEPOSITING THE PROCEEDS OF THE TAX IN THE WORKERS'
9 COMPENSATION TAX ACCOUNT; AMENDING SECTIONS 23-5-608,
10 23-5-610, AND 39-71-2504, MCA; AND PROVIDING AN EFFECTIVE
11 DATE AND AN APPLICABILITY DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 23-5-608, MCA, is amended to read:

15 "23-5-608. Limitation on amount of money played and
16 value of prizes -- payment of credits in cash -- exception.

17 (1) A Except as provided in [section 3], a video gambling
18 machine may not allow more than \$2 to be played on a game or
19 award free games or credits in excess of the following
20 amounts:

21 (a) \$100 a game for a video draw poker machine; and

22 (b) \$800 a game for a video keno or bingo machine.

23 (2) A licensee shall pay in cash all credits owed to a
24 player as shown on a valid ticket voucher."

25 **Section 2.** Section 23-5-610, MCA, is amended to read:

1 "23-5-610. Video gambling machine net income tax and
2 progressive prize tax -- records -- distribution --
3 quarterly statement and payment. (1) An operator issued a
4 permit under this part shall pay to the department:

5 (a) a video gambling machine tax of 15% of net machine
6 income from each video gambling machine licensed under this
7 part; and

8 (b) in addition to the 15% tax in subsection (1)(a), a
9 video gambling machine progressive prize tax of 10% of net
10 machine income from each video gambling machine subject to
11 [section 3].

12 (2) An operator issued a permit under this part shall
13 keep a record of net machine income and, when required, of
14 gross machine income in such form as the department may
15 require. The records must at all times during the business
16 hours of the licensee be subject to inspection by the
17 department.

18 (3) An operator issued a permit under this part shall,
19 within 15 days after the end of each quarter, complete and
20 deliver to the department a statement containing any
21 information that the department may require and showing the
22 total;

23 (a) net machine income from each video gambling
24 machine licensed to him under this part, together with the
25 total amount due the state as video gambling machine net

1 income tax for the preceding quarter--~~The statement must~~
 2 ~~contain other relevant information--as--the--department--may~~
 3 ~~require;~~ and

4 (b) gross machine income from each video gambling
 5 machine subject to [section 3], together with the total
 6 amount due the state as video gambling machine progressive
 7 prize tax for the preceding quarter.

8 (4) (a) The department shall forward one-third of the
 9 tax collected under subsection (3)(a) to the general fund.

10 (b) The department shall forward the remaining
 11 two-thirds of the tax collected under subsection (3)(a) to
 12 the treasurer of the county or the clerk, finance officer,
 13 or treasurer of the city or town in which the licensed
 14 machine is located, for deposit to the county or municipal
 15 treasury. Counties are not entitled to proceeds from taxes
 16 on income from video gambling machines located in
 17 incorporated cities and towns. The two-thirds local
 18 government portion of tax collected under subsection (3)(a)
 19 is statutorily appropriated to the department, as provided
 20 in 17-7-502, for deposit to the county or municipal
 21 treasury.

22 (c) The department shall forward the tax collected
 23 under subsection (1)(b) to the workers' compensation tax
 24 account."

25 NEW SECTION. Section 3. Centralized system for

1 unlimited progressive prizes in certain games --
 2 requirements. (1) Notwithstanding the provisions of
 3 23-5-608, unlimited progressive prizes on a systemwide basis
 4 may be offered and paid through an online centralized system
 5 using dedicated telephone lines for video gambling machines
 6 that includes a centralized progressive prize system if the
 7 system provides for:

8 (a) computerized electronic retrieval at least once
 9 each day of accounting information and continuous monitoring
 10 of security information, from each machine on the system;
 11 and

12 (b) preservation of the accounting and security
 13 information in a centralized location.

14 (2) As used in subsection (1), "progressive prize"
 15 means a prize:

16 (a) that is increased by predetermined amounts of each
 17 coin that is played; and

18 (b) that is exhibited on an indicator visible to the
 19 public at each establishment where it is offered.

20 (3) The progressive prize may be paid in cash or by
 21 annualized payment over an annuity period provided that the
 22 annualized payments are advertised to the public.

23 (4) The centralized system may be leased, maintained,
 24 and operated by a licensed manufacturer who may participate
 25 in the revenue of the video gambling machines on the system

1 as payment for his services.

2 (5) The centralized system is subject to approval by
3 the department after demonstration of its integrity to the
4 satisfaction of the department.

5 (6) In a centralized system:

6 (a) the video gambling machines must have:

7 (i) the ability to detect a malfunction in the normal
8 execution sequence and to detect rapid changes in electric
9 power input; and

10 (ii) brownout protection;

11 (b) accounting information and gaming data must be
12 stored in two redundant read-and-write memories. When a
13 machine is powered up or, for any reason, receives a reset,
14 it must automatically retest itself to ensure proper
15 functions.

16 (c) each machine must have:

17 (i) a serial transmitter/receiver and must provide the
18 ability to transfer accounting information from the master
19 processing unit board to the data collection system; and

20 (ii) a second serial transmitter/receiver;

21 (d) each progressive sign must communicate via
22 fiberoptic lines to ensure protection from electromagnetic
23 or electrostatic interference;

24 (e) to ensure no incorrect information is displayed,
25 the signs must display all zeros if the communications are

1 interrupted;

2 (f) all critical accounting data must be stored in the
3 local communicators in a redundant fashion to ensure
4 reliability; and

5 (g) the communicators must provide a security mode
6 allowing instantaneous reporting of any security problem.

7 **Section 4.** Section 39-71-2504, MCA, is amended to
8 read:

9 "39-71-2504. (Temporary) Workers' compensation tax
10 account. (1) There is an a workers' compensation tax account
11 in the state special revenue fund. The account consists of:

12 (a) All all collections of the tax and, including
13 interest and penalties on the tax must-be-deposited-in-the
14 account-and-are; and

15 (b) all collections of the tax collected on
16 progressive prize video gambling machines as provided in
17 23-5-610(1)(b).

18 (2) All money in the tax account is statutorily
19 appropriated, as provided in 17-7-502, to the department to
20 be used to reduce the unfunded liability in the state fund.
21 (Terminates June 30, 1991--sec. 10, Ch. 664, L. 1987.)"

22 **NEW SECTION. Section 5.** Codification instruction.
23 [Section 3] is intended to be codified as an integral part
24 of Title 23, chapter 5, part 6, and the provisions of Title
25 23, chapter 5, part 6, apply to [section 3].

LC 0502/01

1 NEW SECTION. **Section 6.** Effective date --
2 **applicability.** (1) [This act] is effective July 1, 1989.
3 (2) [Sections 1 through 3] apply January 1, 1990.

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