

SENATE BILL 24

Introduced by Tveit, et al.

6/24	Introduced
6/24	Referred to Taxation
6/26	Fiscal Note Requested
6/27	Hearing
6/29	Taken From Committee
6/30	Sponsor Fiscal Note Printed
7/07	2nd Reading Pass as Amended Motion Failed
7/07	2nd Reading Indefinitely Postponed

1 *Senate* BILL NO. *24*
 2 INTRODUCED BY *Tweet J. Smith, Stephen Meyer,*
 3 *Lynch, Neider, McQuinn, Noble, Pollock, & Sussell*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE LIVE
 5 CARD GAME OF TWENTY-ONE; TO PROVIDE FOR PERMIT FEES FOR EACH
 6 LIVE CARD GAME OF TWENTY-ONE; TO REDUCE THE TAX RATE ON
 7 CLASS EIGHT PROPERTY TO 10.35 PERCENT; AMENDING SECTIONS
 8 15-6-138, 23-5-306, 23-5-311, AND 23-5-313, MCA; AND
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
 10 DATE."
 11

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

13 **Section 1.** Section 23-5-311, MCA, is amended to read:

14 **"23-5-311. Authorized card games.** (1) The card games
 15 authorized by this part are and are limited to the card
 16 games known as bridge, cribbage, hearts, panguingue,
 17 pinochle, pitch, poker, rummy, solo, twenty-one, and whist.

18 (2) A person may conduct or participate in a live card
 19 game or make a live card game table available for public
 20 play of a live card game only if it is specifically
 21 authorized by this part and described by department rules.

22 (3) This part does not apply to games simulated on
 23 electronic video gambling machines authorized under part 6
 24 of this chapter."

25 **Section 2.** Section 23-5-306, MCA, is amended to read:

1 "23-5-306. Live card game table -- permit -- fees --
 2 disposition of fees. (1) A person who has been granted an
 3 operator's license under 23-5-177 and a license to sell
 4 alcoholic beverages for consumption on the premises may be
 5 granted an annual permit for the placement of live card game
 6 tables. If one or more live card game tables were legally
 7 operated on a premises on January 15, 1989, and the premises
 8 were not on that date licensed under 16-4-401(2) but were
 9 licensed on that date to sell food, cigarettes, or any other
 10 consumable product, an operator's license and an annual
 11 permit for the placement of live card game tables, except
 12 the placement of a live card game table for the playing of
 13 twenty-one, may be granted to the person who legally
 14 operated the premises on January 15, 1989.

15 (2) (a) The Except as provided in subsection (2)(b),
 16 the annual permit fee in lieu of taxes for each live card
 17 game table operated in a licensed operator's premises may
 18 not be prorated and must be:

- 19 (a)(i) \$250 for the first table; and
- 20 (a)(ii) \$500 for each additional table.

21 (b) The annual permit fee in lieu of taxes for each
 22 live card game table operated in a licensed operator's
 23 premises for playing twenty-one must be prorated and must
 24 be:

- 25 (i) \$1,500 for the first table;

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1 (ii) \$2,000 for the second table; and

2 (iii) \$2,500 for the third table.

3 (3) The department shall retain for administrative
4 purposes \$100 of the fee collected under this part for each
5 live card game table.

6 (4) The department shall forward on a quarterly basis
7 the remaining balance of the fee collected under subsection
8 (2) to the treasurer of the county or the clerk, finance
9 officer, or treasurer of the city or town in which the live
10 card game table is located for deposit to the county or
11 municipal treasury. A county is not entitled to proceeds
12 from fees assessed on live card game tables located in
13 incorporated cities and towns within the county. The local
14 government portion of this fee is statutorily appropriated
15 to the department, as provided in 17-7-502, for deposit to
16 the county or municipal treasury."

17 **Section 3.** Section 23-5-313, MCA, is amended to read:

18 **"23-5-313. Rules of play to-be-posted -- posting --**
19 **rake-off approved. (1)** Rules governing the conduct of each
20 game must be prominently posted within the sight of the
21 players at a live card game table on the premises of a
22 licensed operator. The rules must include notice of the
23 maximum percentage rake-off, if any, and must require that
24 the person taking the rake-off do so in an obvious manner.

25 (2) If the game of twenty-one is played:

1 (a) a maximum of three tables, with one game at a
2 table, may be operated in a licensed operator's premises;

3 (b) a maximum of seven persons, excluding the dealer,
4 may play a game;

5 (c) the maximum bet is \$5 a player on each hand he
6 plays; and

7 (d) the cards must be dealt by the dealer from a
8 device, commonly known as a shoe, that holds at least two
9 but no more than four shuffled decks of cards."

10 **Section 4.** Section 15-6-138, MCA, is amended to read:

11 **"15-6-138. Class eight property -- description --**
12 **taxable percentage. (1)** Class eight property includes:

13 (a) all agricultural implements and equipment;

14 (b) all mining machinery, fixtures, equipment, tools
15 that are not exempt under 15-6-201(1)(r), and supplies
16 except:

17 (i) those included in class five; and

18 (ii) coal and ore haulers;

19 (c) all manufacturing machinery, fixtures, equipment,
20 tools that are not exempt under 15-6-201(1)(r), and supplies
21 except those included in class five;

22 (d) all trailers, including those prorated under
23 15-24-102, except those subject to taxation under
24 61-3-504(2);

25 (e) all goods and equipment intended for rent or

1 lease, except goods and equipment specifically included and
2 taxed in another class;

3 (f) buses and trucks having a rated capacity of more
4 than 1 ton, including those prorated under 15-24-102; and

5 (g) all other machinery except that specifically
6 included in another class.

7 (2) Class eight property is taxed at ~~11%~~ 10.35% of its
8 market value."

9 NEW SECTION. Section 5. Applicability. [Section 4]
10 applies to taxable years beginning after December 31, 1989.

11 NEW SECTION. Section 6. Effective date. (1) Except as
12 provided in subsection (2), [this act] is effective on
13 passage and approval.

14 (2) If [this act] is passed and approved after July 1,
15 1989, [this act] is effective retroactively, within the
16 meaning of 1-2-109, to July 1, 1989.

-End-

MOTION TO MOVE FROM
COMMITTEE TO 2ND READING
TAXATION

1 *Senate* BILL NO. 24
2 INTRODUCED BY *Fruit Smith Stephen Meyer*
3 *Lynch Nelson, Ned Noble Kelly for amendment*

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17 game table operated in a licensed operator's premises may
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4 purposes \$100 of the fee collected under this part for each
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8 (2) to the treasurer of the county or the clerk, finance
9 officer, or treasurer of the city or town in which the live
10 card game table is located for deposit to the county or
11 municipal treasury. A county is not entitled to proceeds
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13 incorporated cities and towns within the county. The local
14 government portion of this fee is statutorily appropriated
15 to the department, as provided in 17-7-502, for deposit to
16 the county or municipal treasury."

17 **Section 3.** Section 23-5-313, MCA, is amended to read:

18 "**23-5-313. Rules of play to-be-posted -- posting --**
19 **take-off approved.** (1) Rules governing the conduct of each
20 game must be prominently posted within the sight of the
21 players at a live card game table on the premises of a
22 licensed operator. The rules must include notice of the
23 maximum percentage rake-off, if any, and must require that
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7 (d) the cards must be dealt by the dealer from a
8 device, commonly known as a shoe, that holds at least two
9 but no more than four shuffled decks of cards."

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16 except:

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19 (c) all manufacturing machinery, fixtures, equipment,
20 tools that are not exempt under 15-6-201(1)(r), and supplies
21 except those included in class five;

22 (d) all trailers, including those prorated under
23 15-24-102, except those subject to taxation under
24 61-3-504(2);

25 (e) all goods and equipment intended for rent or

1 lease, except goods and equipment specifically included and
2 taxed in another class;

3 (f) buses and trucks having a rated capacity of more
4 than 1 ton, including those prorated under 15-24-102; and

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6 included in another class.

7 (2) Class eight property is taxed at ~~11%~~ 10.35% of its
8 market value."

9 NEW SECTION. **Section 5. Applicability.** [Section 4]
10 applies to taxable years beginning after December 31, 1989.

11 NEW SECTION. **Section 6. Effective date.** (1) Except as
12 provided in subsection (2), [this act] is effective on
13 passage and approval.

14 (2) If [this act] is passed and approved after July 1,
15 1989, [this act] is effective retroactively, within the
16 meaning of 1-2-109, to 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 SB24, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to authorize the live card game of twenty-one, to provide for permit fees for each live card game of twenty-one; to reduce the tax rate on class eight property to 10.35 percent; and providing an immediate effective and applicability date.

ASSUMPTIONS:

1. The taxable value of the state will be \$1,903,008,000 in FY90 and \$1,882,194,000 in FY91.(HJR13)
2. Reclassification of property will reduce the taxable value of personal property in the state by \$11,732,526.
3. Due to the applicability date, the reduced rate for reclassified, unsecured personal property (30 percent of all reclassified personal property) will impact FY90 revenues.
4. 20% of the premises licensed under 16-4-401 (2) will license the maximum three tables allowed under this bill.
5. Approximately 15% of the remaining 1760 premises will license two tables.
6. 50% of the remaining 1500 premises will license one table.
7. One additional dealer will be added to the existing dealer pool for each table licensed.
8. Play of other gambling activities in Montana will not be diminished by passage of this bill.
9. The revenue generated in FY90 is one-half of the FY91 revenue due to the proration of fees requirement in the bill and the time lag in licensing all establishments.


DATE 6/28/89

W. DAVID DARBY, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING


DATE 6/28/89

LARRY J. TVEIT, PRIMARY SPONSOR

Fiscal Note for SB24, as introduced

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Fiscal Note Request, SB24 as introduced
 Form BD-15
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FISCAL IMPACT:

Revenue Impact:(Property Tax)

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
University Levy	\$11,418,048	\$11,396,929	(\$21,119)	\$11,293,164	\$11,222,769	(\$70,395)
Foundation Program	85,635,360	85,476,971	(158,389)	84,698,730	84,170,766	(527,964)
Total	\$97,053,408	\$96,873,900	(\$179,508)	\$95,991,894	\$95,393,535	(\$598,359)
<u>Revenue Impact:(Gambling Revenue)</u>						
<u>License Fees:</u>						
Machines	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 2,100,000	\$ 2,100,000	\$ 0
Live Card Games	75,000	2,412,500	2,337,500	75,000	4,750,000	4,675,000
Live Bingo & Keno	190,000	190,000	0	190,000	190,000	0
Card Dealers	75,000	269,250	194,250	75,000	139,750	64,750
<u>Taxes:</u>						
Machines	13,000,000	13,000,000	0	13,500,000	13,500,000	0
Live Bingo & Keno	1,140,000	1,140,000	0	1,140,000	1,140,000	0
Penalties	110,000	110,000	0	110,000	110,000	0
Total Revenue	\$16,590,000	\$19,121,750	\$2,531,750	\$17,190,000	\$21,929,750	\$4,739,750
<u>Revenue Expenditures:</u>						
Personal Services	\$ 597,592	\$ 875,853	\$ 288,261	\$ 598,056	\$ 894,573	\$ 296,517
Operating Expenses	565,598	652,077	86,479	564,175	653,131	88,956
Capital Outlay	115,914	234,164	118,250	56,079	56,079	0
<u>Local Governments</u>						
Distribution	10,850,000	12,928,500	2,078,500	11,235,000	15,651,000	4,416,000
Total	\$12,129,104	\$14,696,594	\$2,567,490	\$12,453,310	\$17,254,783	\$4,801,473
<u>Fund Information:</u>						
General Fund	\$ 4,290,000	\$ 4,290,000	\$ 0	\$ 4,455,000	\$ 4,455,000	\$ 0
<u>State</u>						
Special Revenue	1,450,000	1,903,250	453,250	1,500,000	1,823,750	323,750
Local Governments	10,850,000	12,928,500	2,078,500	11,235,000	15,651,000	4,416,000
Total	\$16,590,000	\$19,121,750	\$2,531,750	\$17,190,000	\$21,929,750	\$4,739,750

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EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The revenue loss to local school districts is estimated to be \$409,471 in FY90 and \$1,364,904 in FY91. The revenue loss to county governments is estimated to be \$232,705 in FY90 and \$775,684 in FY91. The revenue loss to cities and towns is estimated to be \$24,320 in FY90 and \$81,068 in FY91.

Assuming play on other gambling activities will not be diminished on passage of this bill, the gaming machine distributions of revenue to local governments will increase by approximately \$4,416,000 per year. Affects on local government expenditures were not addressed in this fiscal note as none can be foreseen.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The long-range impact of passage of this bill is an increase in gambling revenue distributions to local governments. The cost of administering this program, however, will exceed the increase in statutory appropriations.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The only technical defect identified is that the approximate cost of administering the program would exceed the projected increase in statutory appropriations.

No rulemaking authority is given in this bill.