# HOUSE BILL 67

Introduced by Schwinden, et al.

12/04 Introduced

12/04 Referred to Judiciary

12/04 First Reading

12/06 Fiscal Note Requested

12/09 Hearing

12/10 Fiscal Note Received

- 12/13 Fiscal Note Printed 12/13 Committee Report-Bill Not Passed as Amended
- 12/14 Adverse Committee Report Adopted

LC 0192/01

1 Robber INTRODUCED BY 5 2 Hellowtank hinduntest A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING 3 THE STATE ۵ TO NEGOTIATE A COMPACT UNDER THE FEDERAL INDIAN GAMING 5 REGULATORY ACT GRANTING AUTHORITY TO A TRIBE TO OPERATE SLOT б MACHINES AND ROULETTE AND TO CONDUCT THE GAME OF CRAPS AND 7 THE LIVE CARD GAME OF BLACKJACK OR TWENTY-ONE WITHIN THE 8 BOUNDARIES OF ITS RESERVATION; PROVIDING FOR PAYMENT OF 9 PERCENT OF NET REVENUE TO THE STATE TO FUND LOCAL GOVERNMENT 10 OPERATIONS; REQUIRING GAMING OPERATIONS TO BE REGULATED BY 11 TRIBAL LAW PURSUANT TO THE FEDERAL INDIAN GAMING REGULATORY 12 ACT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." 13

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WHEREAS, the federal Indian Gaming Regulatory Act, which 15 is intended to provide tribes with a means of promoting 16 tribal economic development, self-sufficiency, and strong 17 tribal governments, allows a federally recognized tribe to 18 conduct gaming activities on its reservation after good 19 faith negotiations and pursuant to a compact with the state; 20 21 and

WHEREAS, the state has limited negotiations on the scope 22 of gaming activities to those types of games expressly 23 authorized under and regulated by state law; and 24

WHEREAS, the type of games that the state of Montana is 25



required to include within the scope of tribal-state gaming 1 compact negotiations is presently being litigated in federal 2 3 court as a result of legal actions filed by the Fort Belknap Indian Community, the Blackfeet Tribe, and the Confederated 4 Salish and Kootenai Tribes; and 5

WHEREAS, the plaintiff tribes contend that the existing 6 7 state gambling policy requires the state to negotiate on a broad range of games that the state has to date refused to 8 9 include within the scope of tribal-state negotiations; and 10 WHEREAS, gaming provides tribes with a unique 11 opportunity to control their own destiny and to break the 12 cycle of poverty for members living on and off reservations; 13 and

14 WHEREAS, tribes nationwide currently receive more money 15 from gaming than the entire federal Indian budget; and

16 WHEREAS, tribal governments need the authority to expand gaming on the reservation if they are to attract tourists to 17 18 the reservations and compete with neighboring states and 19 provinces already offering casino-style gaming; and

20 WHEREAS, this legislation is not intended to modify, expand, diminish, or prejudice the legal positions advanced 21 22 by either the state or the Indian tribes in pending 23 litigation; and

WHEREAS, although the scope of gaming is currently being 24 25 litigated, addressing the issue through the revenue sharing

> -2- HB67 INTRODUCED BILL

#### LC 0192/01

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approach provided in this legislation may be mutually
 beneficial to the state and tribal governments by reducing
 litigation costs, providing economic development
 opportunities for tribal governments, and assisting the
 state in raising additional revenue necessary to balance its
 budget and fund local government operations.

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

<u>NEW SECTION.</u> Section 1. Gambling activities authorized
on Indian reservations -- revenue sharing -- definitions.
(1) As used in this section, the following definitions
apply:

(a) "Blackjack or twenty-one" means a live card game
played by a maximum of seven players and one dealer. The
object of the game is for a player to obtain a higher total
card count than the dealer by reaching 21 or as close to 21
as possible without exceeding that count.

(b) "Craps" means a game played with dice in which a
first throw of seven or eleven wins, a first throw of two,
three, or twelve loses, and any other first throw, to win,
must be repeated before a seven is thrown.

(c) "Net revenue" means the gross revenue received each
fiscal year from slot machines, roulette, craps, and games
of blackjack or twenty-one operated or played within the
boundaries of an Indian reservation located in Montana less

1 the amounts paid out in prizes and total operating expenses
2 associated with slot machines, roulette, craps, and games of
3 blackjack or twenty-one.

4 (d) "Roulette" means a game played by rolling a small 5 ball around a shallow bowl with an inner disk revolving in 6 the opposite direction. The winning and losing bets are 7 determined by where the ball finally comes to rest in one of 8 the numbered, alternately red and black compartments into 9 which the disk is divided.

10 (2) An Indian tribe may operate slot machines and 11 roulette and may conduct the game of craps and the game of 12 blackjack or twenty-one within the boundaries of its 13 reservation if the tribe has entered into a compact with the 14 state pursuant to the Indian Gaming Regulatory Act (25 15 U.S.C. 2701 through 2721) and in the compact agrees to:

16 (a) pay the state 8% of the net revenue received each 17 fiscal year by the tribe; and

(b) regulate slot machines, roulette, craps, and games
of blackjack or twenty-one pursuant to tribal law approved
under the federal Indian Gaming Regulatory Act.

(3) Payments received by the state from the tribes
pursuant to this section must be used to fund the operations
of local government agencies.

24 <u>NEW SECTION.</u> Section 2. Codification instruction.
25 [Section 1] is intended to be codified as an integral part

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1 of Title 23, chapter 5, part 1, and the provisions of Title

- 2 23, chapter 5, part 1, app}y to [section 1].
- 3 <u>NEW SECTION.</u> Section 3. Effective date. [This act] is
- 4 effective on passage and approval.

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# STATE OF MONTANA - FISCAL NOTE Form BD-15 In compliance with a written request, there is hereby submitted a Fiscal Note for <u>HB0067, as introduced.</u>

<u>DESCRIPTION OF PROPOSED LEGISLATION</u>: An act authorizing the state to negotiate a compact under the federal Indian gaming regulatory act granting authority to a tribe to operate slot machines and roulette and to conduct the game of craps and the live card game of blackjack or twenty-one within the boundaries of its reservation; providing for payment of 8 percent of net revenue to the state to fund local government operations; requiring gaming operations to be regulated by tribal law pursuant to the federal Indian gaming regulatory act.

## ASSUMPTIONS:

- 1. Local government revenues should increase as a result of the 8% net revenue to be paid by the tribes to the state to fund local government operations. The amount of the increase is indeterminable due to unknown factors such as bet and payout limits, and the number of gaming devices that will be permitted to play.
- 2. The role of the Department of Justice is to receive a check from each participating tribe for the 8% net revenue and distribute that amount to local government on a yet unspecified basis.
- 3. The Department of Justice will assume no role in regulation, auditing, or any other duties associated with gambling on tribal land.
- 4. Based on the assumptions above, there will be no fiscal impact to the Department of Justice.

#### FISCAL IMPACT:

#### <u>Revenues:</u>

Local government revenues should increase as a result of the 8% net revenue to be paid by the tribes to the state to fund local government operations. The amount of the increase is indeterminable.

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

Local government revenues should increase as a result of this bill by an indeterminable amount.

#### LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Local government revenues should increase on an ongoing basis by an indeterminable amount.

#### TECHNICAL NOTES:

Section 1 (3) specifies that payments received by the state from the tribes must be distributed to local government. The distribution methodology must be included in the language.

DAVE LEWIS, BUDGET DIRECTOR DATE Office of Budget and Program Planning

DORE SCHWINDEN, PRIMARY SPONSOR Fiscal Note for HB0067, as introduced

<u>J-13</u>93 DATE d HR 67