

SENATE BILL NO. 260

INTRODUCED BY

Sipinich *Harp* *Christians*
Halloran *Bill Wilson* *Odyssey* *Waters* *K. H.* *Van Valkenburg*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PERCENTAGE OF GAMING REVENUE TO A TRUST FUND; PROVIDING THAT THE INTEREST OF THE TRUST FUND BE USED TO TREAT PROBLEMS ASSOCIATED WITH GAMING; AMENDING SECTIONS 23-4-304, 23-5-324, 23-5-409, 23-5-502, 23-5-610, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA.

NEW SECTION. Section 1. Legislative policy. It is the policy of the state of Montana to indemnify its citizens for the detrimental effects that result from gambling and for the social costs caused by gambling. This policy of indemnification is achieved by establishing a permanent gaming indemnity trust, by funding treatment programs from the proceeds of the taxes levied on gambling, and by allocating spendable revenue:

- (1) to protect and rehabilitate citizens from damages resulting from gambling;
- (2) to support a variety of programs that address the detrimental effects of gambling on the state and on the lives of Montana citizens; and
- (3) to assess the state's resources for addressing the social consequences of gambling.

NEW SECTION. Section 2. Gaming indemnity trust fund. There is a gaming indemnity trust fund. The principal of the trust is inviolate in the amount of \$50 million. The principal of the trust in excess of \$50 million and the interest on the trust must be used as provided in [section 3]. The board of investments shall invest the principal of the trust. The interest and earnings on investments that are not used as provided in [section 3] must be deposited in the trust.

NEW SECTION. Section 3. Gaming indemnity grants -- resource assessment. (1) The legislature shall appropriate funds from the excess principal and the income of the trust fund created in [section 2] for treatment of the problems associated with gambling. An entity providing treatment that addresses the detrimental effects of gambling on Montana citizens may submit an application for a grant to the

1 department of justice on a form prescribed by the department. The department shall recommend grants
2 for funding to the legislature.

3 (2) The department may receive appropriations from the excess principal and the income of the
4 trust fund created in [section 2] to assess the state's resources for addressing the social consequences of
5 gambling. The department shall report the findings of the assessment to the legislature.

6

7 **Section 4.** Section 23-4-304, MCA, is amended to read:

8 **"23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) The
9 licensee shall pay to the department 1% of the gross receipts of each day's parimutuel betting at each race
10 meet, ~~which sums shall.~~ The sum must be paid to the department within 5 days after receipt by the
11 licensee. At the end of each race meet, the licensee shall prepare a report to the department showing the
12 amount of the overpayments and underpayments. If the report shows the underpayments to be in excess
13 of the overpayments, the balance ~~shall~~ must be paid to the department. Money paid to the department may
14 be used for the expenses incurred in carrying out this chapter. The licensee shall, at the same time, pay
15 to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

16 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of
17 each day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast
18 race meet, whichever is higher. The money must be paid to the department within 5 days after receipt of
19 the money by the licensee. At the end of each race meet, the licensed simulcast facility shall prepare a
20 report to the department showing the amount of the overpayments and underpayments. If the report
21 shows the underpayments to be in excess of the overpayments, the balance must be paid to the
22 department. Money paid to the department must be deposited in an account in the state special revenue
23 fund and must be used for the administration of this chapter. The licensed simulcast facility shall, at the
24 same time, pay to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

25 (2) At the end of the racing season, sums collected under 23-4-202(4)(d) must be distributed by
26 the department, after first passing through the board's agency fund account, to the licensed owners of
27 those Montana-bred horses or mules finishing in the money at the meet from which the sums derived. The
28 owner's award must be calculated as follows:

29 (a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by
30 Montana-bred horses or mules;

1 (b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each
2 owner's Montana-bred horses or mules.

3 (3) For purposes of the owner's award under subsection (2), "owner" means the individual,
4 partnership, corporation, person, or other entity that owns the horse or mule at the time of entry.

5 (4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses.

6 (5) The department shall transfer 5% of the amount received under subsection (1) to the state
7 treasurer for deposit in the gaming indemnity trust fund established in [section 2]."

8

9 **Section 5.** Section 23-5-324, MCA, is amended to read:

10 **"23-5-324. Card room contractor's license -- fee -- submission of contract.** (1) It is a
11 misdemeanor for a person to enter into a contract with a licensed operator to operate one or more live card
12 game tables on the operator's premises without obtaining a card room contractor's license from the
13 department.

14 (2) The department shall charge an annual license fee of \$150 for issuing or renewing a card room
15 contractor's license. The department shall transfer 5% of the fee to the state treasurer for deposit in the
16 gaming indemnity trust fund provided for in [section 2] and shall retain the remainder of the fee for
17 administrative purposes.

18 (3) The applicant shall submit at the time of application for a card room contractor's license a copy
19 of the agreement entered into with the licensed operator."
20

20

21 **Section 6.** Section 23-5-409, MCA, is amended to read:

22 **"23-5-409. Bingo and keno tax -- records -- distribution -- statement and payment.** (1) A licensee
23 who has received a permit to operate bingo or keno games shall pay to the department a tax of 1% of the
24 gross proceeds from the operation of each live bingo and keno game operated on ~~his~~ the licensee's
25 premises.

26 (2) A licensee shall keep a record of gross proceeds in the form that the department requires. At
27 all times during the business hours of the licensee, the records must be available for inspection by the
28 department.

29 (3) A licensee shall annually complete and deliver to the department a statement showing the total
30 gross proceeds for each live keno or bingo game operated by ~~him~~ the licensee and the total amount due

1 as live bingo or keno tax for the preceding year. This statement must contain any other relevant
2 information required by the department.

3 (4) The department shall forward 5% of the tax collected under subsection (3) to the state
4 treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall forward the
5 remainder to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in
6 which the licensed game is located for deposit to the county or municipal treasury. A county is not entitled
7 to proceeds from taxes on live bingo or keno games located in incorporated cities and towns within the
8 county. The tax collected under subsection (3) is statutorily appropriated to the department, as provided
9 in 17-7-502, for deposit to the county or municipal treasury."
10

11 **Section 7.** Section 23-5-502, MCA, is amended to read:

12 **"23-5-502. Sports pools and sports tab games authorized -- tax.** (1) Conducting or participating
13 in sports pools and sports tab games as defined and governed in this part is lawful, except that:

14 (a) sports tab games may only be conducted on premises licensed to sell alcoholic beverages for
15 consumption on the premises; and

16 (b) only a licensee of premises that are located in an incorporated city or town with a population
17 of less than 100 or located outside the boundaries of an incorporated city or town and that are licensed
18 to sell alcoholic beverages for consumption on the premises may conduct a race between animals and
19 conduct one or more sports pools on the race. The race may be conducted only if it is between pigs,
20 gerbils, or hamsters and is conducted on the premises but outside of interior areas of the establishment
21 where food and beverages are usually stored, prepared, or served.

22 (2) A manufacturer licensed under 23-5-115 who sells sports tabs to a licensed operator for use
23 in a sports tab game shall collect from the operator, at the time of sale, a tax of \$1 for each 100 sports
24 tabs sold and, within 15 days after the end of each calendar quarter, submit to the department any forms
25 required by the department and the proceeds of the collected tax. The manufacturer shall keep a record
26 of taxes collected as required by department rule. The records must be made available for inspection by
27 the department upon request of the department. The department shall transfer 5% of the tax to the state
28 treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall retain the
29 remainder of the proceeds of the tax to administer this part.
30

1 **Section 8.** Section 23-5-610, MCA, is amended to read:

2 **"23-5-610. Video gambling machine gross income tax -- records -- distribution -- quarterly**
3 **statement and payment.** (1) A licensed operator issued a permit under this part shall pay to the
4 department a video gambling machine tax of 15% of the gross income from each video gambling machine
5 licensed under this part. A licensed operator may deduct from the gross income amounts equal to amounts
6 stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law
7 enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and
8 physical removal of the money from the machines or of machine tampering and the amounts stolen are
9 documented.

10 (2) A licensed operator issued a permit under this part shall keep a record of the gross income from
11 each machine in the form that the department may require. The records must at all times during the
12 business hours of the licensee be subject to inspection by the department.

13 (3) A licensed operator issued a permit under this part shall, within 15 days after the end of each
14 quarter, complete and deliver to the department a statement showing the total gross income from each
15 video gambling machine licensed to the operator, together with the total amount due the state as video
16 gambling machine gross income tax for the preceding quarter. The statement must contain other relevant
17 information ~~as~~ that the department may require.

18 (4) (a) The department shall transfer 5% of the tax collected under subsection (3) to the state
19 treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall, in accordance
20 with the provisions of 15-1-501(6), forward one-third of the remainder of the tax collected under subsection
21 ~~(3)~~ to the general fund.

22 (b) The department shall, in accordance with the provisions of 15-1-501(6), forward the remaining
23 ~~two-thirds of the~~ tax collected under subsection (3) to the treasurer of the county or the clerk, finance
24 officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
25 or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling
26 machines located in incorporated cities and towns. The ~~two-thirds~~ local government portion of tax
27 collected under subsection (3) is statutorily appropriated ~~to the department,~~ as provided in 17-7-502, to
28 the department for deposit to the county or municipal treasury."

29

30 **Section 9.** Section 23-7-402, MCA, is amended to read:

1 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or
2 chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in
3 17-7-502, to the lottery.

4 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating
5 expense.

6 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
7 expenses, together with the interest earned on the gross revenue while the gross revenue is in the
8 enterprise fund, is net revenue. Except for the amount required to be paid under ~~subsection~~ subsections
9 (5) and (6), net revenue must be paid quarterly from the enterprise fund established by 23-7-401 to the
10 superintendent of public instruction for distribution as state equalization aid to the public schools of
11 Montana, as provided in 20-9-343. The net revenue is statutorily appropriated, as provided in 17-7-502,
12 to the superintendent of public instruction.

13 (4) The spending authority of the lottery may be increased in accordance with this section upon
14 review and approval of a revised operation plan by the budget office.

15 (5) (a) An amount equal to 9.1% of the net revenue derived under subsection (3), but not to
16 exceed \$1 million in any fiscal year, must be paid to the board of crime control.

17 (b) All money paid to the board of crime control under this subsection (5) must be used to fund
18 state grants to counties for youth detention services and to cover the costs of administering the grant
19 program as authorized in 41-5-1002. The grants are statutorily appropriated, as provided in 17-7-502, to
20 the board of crime control. The costs of administering the grant program must be paid pursuant to a
21 legislative appropriation.

22 (6) An amount equal to 5% of the net revenue derived under subsection (3) must be transferred
23 to the state treasurer for deposit in the gaming indemnity trust fund provided for in [section 2]."
24

25 NEW SECTION. Section 10. Codification instruction. [Sections 1 through 3] are intended to be
26 codified as an integral part of Title 23, and the provisions of Title 23 apply to [sections 1 through 3].
27

28 NEW SECTION. Section 11. Effective date. [This act] is effective July 1, 1995.
29

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0260, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating a percentage of gaming revenue to a trust fund, and providing that the interest of the trust fund be used to treat problems associated with gaming.

ASSUMPTIONS:

1. It is estimated that the new Gaming Indemnity Trust fund (GIT) will have revenue (principal contributions) of \$2,007,000 in each year of the 1997 biennium. The source of that revenue is:

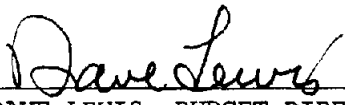
Video Gaming Machine Tax	1,500,000
Lottery proceeds	500,000
Horse racing proceeds	5,000
Sports tab tax & Cardroom fee	<u>2,000</u>
Total	2,007,000

The GIT revenue does not represent new revenue, but revenue removed from existing sources. The current sources are:

Local governments	1,000,000
State general fund	500,000
Public school equalization/ general fund	500,000
Board of Horse racing	5,000
Gambling control division	<u>2,000</u>
Total	2,007,000

2. Assuming a biennial interest rate of 6.5%, the GIT will have interest income of approximately \$50,000 in FY96, and \$200,000 in FY97. It is assumed that the interest income, though unused portions are reverted to the trust fund, will be available for future grants. And, because the legislature must approve grants for treatment of problems associated with gambling, Department of Justice (DOJ) will commence making grants in FY98.
3. The bill requires the DOJ to assess the state's resources for addressing the social consequences of gambling; receive and evaluate grant requests submitted by applicants for the use of these funds; and to develop a form on which grant requests are to be made. These duties cannot be absorbed with current staff. An additional .50 FTE (grade 14) and related operating costs/equipment would need to be added, costing approximately \$20,000 each year. A funding source for these administrative costs is not specified, so it is assumed that the gambling state special revenue fund will be used.

(continued)

 2-2-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

BOB PIPINICH, PRIMARY SPONSOR DATE

Fiscal Note for SB0260, as introduced

SB 260

(continued)

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
FTE	.50	.50
Personal Services	15,700	15,700
Operating Expenses	2,500	2,500
Equipment	<u>0</u>	<u>0</u>
Total	20,700	18,200

Funding:

Gambling SSR (02)	20,700	18,200
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Revenue:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
GIT fund:		
Revenue	2,007,000	2,007,000
Interest Income	50,000	200,000
State general fund (01)	(500,000)	(500,000)
School equalization/general fund	(500,000)	(500,000)
Board of Horse racing (02)	(5,000)	(5,000)
Gambling SSR (02)	(2,000)	(2,000)
Local governments	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total	50,000	200,000

Net Impact:

The net impact would be identical to the revenue shown above, except that the Gambling SSR would reflect the expenditures, and thus be a negative (\$22,700) in FY96 and (\$20,200) in FY97.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

As shown above, local governments would not receive \$1,000,000 in video gambling taxes.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The Board of Horse Racing would not be able to absorb a \$5,000 decrease in revenue, thus forcing an to increase in fees.

TECHNICAL NOTES:

1. The DOJ would need rule making authority to set up grant application and award procedures. This was not addressed in the bill.
2. Clarification is needed in three fiscal matters:
 - a. What funding source should be used for the administrative costs of the program? Interest income from the trust could be considered.
 - b. Is the unused interest, that reverts to the trust fund, available for granting in subsequent years, or does it become part of the inviolate principal?
 - c. Are grants required to be approved by the legislature before the DOJ can sign the grant? Can an interim committee approve the grant?

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0260, 2nd reading, as amended

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating a percentage of gaming revenue to a trust fund, and providing that the interest of the trust fund be used to treat problems associated with gaming.

ASSUMPTIONS:

1. It is estimated that the new Gaming Indemnity Trust fund (GIT) will have revenue (principal contributions) of \$401,400 each year of the 1997 biennium. The source of that revenue is:

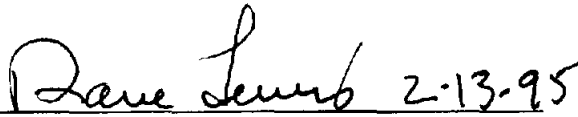
Video Gaming Machine Tax	300,000
Lottery proceeds	100,000
Horse racing proceeds	1,000
Sports tab tax & Cardroom fee	400
Total	401,400

The GIT revenue does not represent new revenue, but revenue removed from existing sources. The current sources are:

Local governments	200,000
State general fund	100,000
Public school equalization/ general fund	100,000
Board of Horse racing	1,000
Gambling control division	400
Total	401,400

2. Assuming a biennial interest rate of 6.5%, the GIT will have interest income of approximately \$10,000 in FY96, and \$40,000 in FY97. It is assumed that the interest income, though unused portions are reverted to the trust fund, will be available for future grants. And, because the legislature must approve grants for treatment of problems associated with gambling, Department of Corrections and Human Services (DCHS) will commence making grants in FY98 or FY99.
3. The bill requires the DCHS to assess the state's resources for addressing the social consequences of gambling; receive and evaluate grant requests submitted by applicants for the use of these funds; and to develop a form on which grant requests are to be made. Because insufficient funds will be available in the 1997 biennium to appropriately introduce a program, the DCHS will seek a 0.50 FTE in the 1999 biennium to operate the program.

(continued)


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


BOB PIPINICH, PRIMARY SPONSOR DATE

Fiscal Note for SB0260, 2nd reading, as amended

SB 260-#2

(continued)

FISCAL IMPACT:

Revenue:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
GIT fund:		
Revenue	401,400	401,400
Interest Income	10,000	40,000
State general fund (01)	(100,000)	(100,000)
School equalization/general fund	(100,000)	(100,000)
Board of Horse racing (02)	(1,000)	(1,000)
Gambling SSR (02)	(400)	(400)
Local governments	<u>(200,000)</u>	<u>(200,000)</u>
Total	10,000	40,000
 <u>Net Fiscal Impact:</u>		
General Fund (01)	(200,000)	(200,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

As shown above, local governments would not receive \$200,000 in video gambling taxes each fiscal year.

TECHNICAL NOTES:

1. The DCHS would need rule making authority to set up grant application and award procedures. This was not addressed in the bill.
2. Clarification is needed in three fiscal matters:
 - a. What funding source should be used for the administrative costs of the program? Interest income from the trust could be considered.
 - b. Is the unused interest, that reverts to the trust fund, available for granting in subsequent years, or does it become part of the inviolate principal?
 - c. Are grants required to be approved by the legislature before the DOJ can sign the grant? Can an interim committee approve the grant?

1 SENATE BILL NO. 260

2 INTRODUCED BY PIPINICH, HARPER, HARP, LYNCH, DEVLIN, CHRISTIAENS, HALLIGAN, WILSON,
3 DOHERTY, WATERMAN, HERTEL, PAVLOVICH, VAN VALKENBURG, BECK, CRISMORE, RANEY,
4 STANG, JERGESON
5

6 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PERCENTAGE OF GAMING REVENUE TO A
7 TRUST FUND; PROVIDING THAT THE INTEREST OF THE TRUST FUND BE USED TO TREAT PROBLEMS
8 ASSOCIATED WITH GAMING; AMENDING SECTIONS 23-4-304, 23-5-324, 23-5-409, 23-5-502, 23-5-610,
9 AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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13 NEW SECTION. **Section 1. Legislative policy.** It is the policy of the state of Montana to indemnify
14 its citizens for the detrimental effects that result from gambling and for the social costs caused by
15 gambling. This policy of indemnification is achieved by establishing a permanent gaming indemnity trust,
16 by funding treatment programs from the proceeds of the taxes levied on gambling, and by allocating
17 spendable revenue:

18 (1) to protect and rehabilitate citizens from damages resulting from gambling;

19 (2) to support a variety of programs that address the detrimental effects of gambling on the state
20 and on the lives of Montana citizens; and

21 (3) to assess the state's resources for addressing the social consequences of gambling.
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23 NEW SECTION. **Section 2. Gaming indemnity trust fund.** There is a gaming indemnity trust fund.
24 The principal of the trust is inviolate in the amount of ~~\$50~~ \$20 million. The principal of the trust in excess
25 of ~~\$50~~ \$20 million and the interest on the trust must be used as provided in [section 3]. The board of
26 investments shall invest the principal of the trust. The interest and earnings on investments that are not
27 used as provided in [section 3] must be deposited in the trust.
28

29 NEW SECTION. **Section 3. Gaming indemnity grants -- resource assessment.** (1) The legislature
30 shall appropriate funds from the excess principal and the income of the trust fund created in [section 2] for

1 treatment of the problems associated with gambling. An entity providing treatment that addresses the
 2 detrimental effects of gambling on Montana citizens may submit an application for a grant to the
 3 department of ~~justice~~ CORRECTIONS AND HUMAN SERVICES on a form prescribed by the department.
 4 The department shall recommend grants for funding to the legislature.

5 (2) The department may receive appropriations from the excess principal and the income of the
 6 trust fund created in [section 2] to assess the state's resources for addressing the social consequences of
 7 gambling. The department shall report the findings of the assessment to the legislature.

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9 **Section 4.** Section 23-4-304, MCA, is amended to read:

10 **"23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) The
 11 licensee shall pay to the department 1% of the gross receipts of each day's parimutuel betting at each race
 12 meet, ~~which sums shall.~~ The sum must be paid to the department within 5 days after receipt by the
 13 licensee. At the end of each race meet, the licensee shall prepare a report to the department showing the
 14 amount of the overpayments and underpayments. If the report shows the underpayments to be in excess
 15 of the overpayments, the balance ~~shall~~ must be paid to the department. Money paid to the department may
 16 be used for the expenses incurred in carrying out this chapter. The licensee shall, at the same time, pay
 17 to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

18 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of
 19 each day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast
 20 race meet, whichever is higher. The money must be paid to the department within 5 days after receipt of
 21 the money by the licensee. At the end of each race meet, the licensed simulcast facility shall prepare a
 22 report to the department showing the amount of the overpayments and underpayments. If the report
 23 shows the underpayments to be in excess of the overpayments, the balance must be paid to the
 24 department. Money paid to the department must be deposited in an account in the state special revenue
 25 fund and must be used for the administration of this chapter. The licensed simulcast facility shall, at the
 26 same time, pay to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

27 (2) At the end of the racing season, sums collected under 23-4-202(4)(d) must be distributed by
 28 the department, after first passing through the board's agency fund account, to the licensed owners of
 29 those Montana-bred horses or mules finishing in the money at the meet from which the sums derived. The
 30 owner's award must be calculated as follows:

1 (a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by
2 Montana-bred horses or mules;

3 (b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each
4 owner's Montana-bred horses or mules.

5 (3) For purposes of the owner's award under subsection (2), "owner" means the individual,
6 partnership, corporation, person, or other entity that owns the horse or mule at the time of entry.

7 (4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses.

8 (5) The department shall transfer ~~5%~~ 1% of the amount received under subsection (1) to the state
9 treasurer for deposit in the gaming indemnity trust fund established in [section 2]."

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11 **Section 5.** Section 23-5-324, MCA, is amended to read:

12 "**23-5-324. Card room contractor's license -- fee -- submission of contract.** (1) It is a
13 misdemeanor for a person to enter into a contract with a licensed operator to operate one or more live card
14 game tables on the operator's premises without obtaining a card room contractor's license from the
15 department.

16 (2) The department shall charge an annual license fee of \$150 for issuing or renewing a card room
17 contractor's license. The department shall transfer ~~5%~~ 1% of the fee to the state treasurer for deposit in
18 the gaming indemnity trust fund provided for in [section 2] and shall retain the remainder of the fee for
19 administrative purposes.

20 (3) The applicant shall submit at the time of application for a card room contractor's license a copy
21 of the agreement entered into with the licensed operator."

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23 **Section 6.** Section 23-5-409, MCA, is amended to read:

24 "**23-5-409. Bingo and keno tax -- records -- distribution -- statement and payment.** (1) A licensee
25 who has received a permit to operate bingo or keno games shall pay to the department a tax of 1% of the
26 gross proceeds from the operation of each live bingo and keno game operated on ~~his~~ the licensee's
27 premises.

28 (2) A licensee shall keep a record of gross proceeds in the form that the department requires. At
29 all times during the business hours of the licensee, the records must be available for inspection by the
30 department.

1 (3) A licensee shall annually complete and deliver to the department a statement showing the total
 2 gross proceeds for each live keno or bingo game operated by ~~him~~ the licensee and the total amount due
 3 as live bingo or keno tax for the preceding year. This statement must contain any other relevant
 4 information required by the department.

5 (4) The department shall forward ~~5%~~ 1% of the tax collected under subsection (3) to the state
 6 treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall forward the
 7 remainder to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in
 8 which the licensed game is located for deposit to the county or municipal treasury. A county is not entitled
 9 to proceeds from taxes on live bingo or keno games located in incorporated cities and towns within the
 10 county. The tax collected under subsection (3) is statutorily appropriated to the department, as provided
 11 in 17-7-502, for deposit to the county or municipal treasury.”

12
 13 **Section 7.** Section 23-5-502, MCA, is amended to read:

14 **"23-5-502. Sports pools and sports tab games authorized -- tax.** (1) Conducting or participating
 15 in sports pools and sports tab games as defined and governed in this part is lawful, except that:

16 (a) sports tab games may only be conducted on premises licensed to sell alcoholic beverages for
 17 consumption on the premises; and

18 (b) only a licensee of premises that are located in an incorporated city or town with a population
 19 of less than 100 or located outside the boundaries of an incorporated city or town and that are licensed
 20 to sell alcoholic beverages for consumption on the premises may conduct a race between animals and
 21 conduct one or more sports pools on the race. The race may be conducted only if it is between pigs,
 22 gerbils, or hamsters and is conducted on the premises but outside of interior areas of the establishment
 23 where food and beverages are usually stored, prepared, or served.

24 (2) A manufacturer licensed under 23-5-115 who sells sports tabs to a licensed operator for use
 25 in a sports tab game shall collect from the operator, at the time of sale, a tax of \$1 for each 100 sports
 26 tabs sold and, within 15 days after the end of each calendar quarter, submit to the department any forms
 27 required by the department and the proceeds of the collected tax. The manufacturer shall keep a record
 28 of taxes collected as required by department rule. The records must be made available for inspection by
 29 the department upon request of the department. The department shall transfer 5% 1% of the tax to the
 30 state treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall retain the

1 remainder of the proceeds of the tax to administer this part."

2

3 **Section 8.** Section 23-5-610, MCA, is amended to read:

4 **"23-5-610. Video gambling machine gross income tax -- records -- distribution -- quarterly**
 5 **statement and payment.** (1) A licensed operator issued a permit under this part shall pay to the
 6 department a video gambling machine tax of 15% of the gross income from each video gambling machine
 7 licensed under this part. A licensed operator may deduct from the gross income amounts equal to amounts
 8 stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law
 9 enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and
 10 physical removal of the money from the machines or of machine tampering and the amounts stolen are
 11 documented.

12 (2) A licensed operator issued a permit under this part shall keep a record of the gross income from
 13 each machine in the form that the department may require. The records must at all times during the
 14 business hours of the licensee be subject to inspection by the department.

15 (3) A licensed operator issued a permit under this part shall, within 15 days after the end of each
 16 quarter, complete and deliver to the department a statement showing the total gross income from each
 17 video gambling machine licensed to the operator, together with the total amount due the state as video
 18 gambling machine gross income tax for the preceding quarter. The statement must contain other relevant
 19 information ~~as~~ that the department may require.

20 (4) (a) The department shall transfer 5% 1% of the tax collected under subsection (3) to the state
 21 treasurer for deposit in the gaming indemnity trust fund provided for in [section 2] and shall, in accordance
 22 with the provisions of 15-1-501(6), forward one-third of the remainder of the tax collected under subsection
 23 ~~(3)~~ to the general fund.

24 (b) The department shall, in accordance with the provisions of 15-1-501(6), forward the remaining
 25 ~~two-thirds of the~~ tax collected under subsection (3) to the treasurer of the county or the clerk, finance
 26 officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
 27 or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling
 28 machines located in incorporated cities and towns. The ~~two-thirds~~ local government portion of tax
 29 collected under subsection (3) is statutorily appropriated ~~to the department,~~ as provided in 17-7-502, to
 30 the department for deposit to the county or municipal treasury."

1 **Section 9.** Section 23-7-402, MCA, is amended to read:

2 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or
3 chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in
4 17-7-502, to the lottery.

5 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating
6 expense.

7 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
8 expenses, together with the interest earned on the gross revenue while the gross revenue is in the
9 enterprise fund, is net revenue. Except for the amount required to be paid under ~~subsection~~ subsections
10 (5) and (6), net revenue must be paid quarterly from the enterprise fund established by 23-7-401 to the
11 superintendent of public instruction for distribution as state equalization aid to the public schools of
12 Montana, as provided in 20-9-343. The net revenue is statutorily appropriated, as provided in 17-7-502,
13 to the superintendent of public instruction.

14 (4) The spending authority of the lottery may be increased in accordance with this section upon
15 review and approval of a revised operation plan by the budget office.

16 (5) (a) An amount equal to 9.1% of the net revenue derived under subsection (3), but not to
17 exceed \$1 million in any fiscal year, must be paid to the board of crime control.

18 (b) All money paid to the board of crime control under this subsection (5) must be used to fund
19 state grants to counties for youth detention services and to cover the costs of administering the grant
20 program as authorized in 41-5-1002. The grants are statutorily appropriated, as provided in 17-7-502, to
21 the board of crime control. The costs of administering the grant program must be paid pursuant to a
22 legislative appropriation.

23 (6) An amount equal to 5% 1% of the net revenue derived under subsection (3) must be
24 transferred to the state treasurer for deposit in the gaming indemnity trust fund provided for in [section 2]."
25

26 **NEW SECTION. Section 10. Codification instruction INSTRUCTIONS.** (1) [Sections 1 through 3
27 AND 2] are intended to be codified as an integral part of Title 23, and the provisions of Title 23 apply to
28 [sections 1 through 3 AND 2].

29 (2) [SECTION 3] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 53, CHAPTER
30 1, PART 2, AND THE PROVISIONS OF TITLE 53, CHAPTER 1, PART 2, APPLY TO [SECTION 3].

1 SENATE BILL NO. 260

2 INTRODUCED BY PIPINICH, HARPER, HARP, LYNCH, DEVLIN, CHRISTIAENS, HALLIGAN, WILSON,
3 DOHERTY, WATERMAN, HERTEL, PAVLOVICH, VAN VALKENBURG, BECK, CRISMORE, RANEY,
4 STANG, JERGESON
5

6 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PERCENTAGE OF GAMING REVENUE TO A
7 TRUST FUND; PROVIDING THAT THE INTEREST AND A PORTION OF THE PRINCIPAL OF THE TRUST
8 FUND BE USED TO TREAT PROBLEMS ASSOCIATED WITH GAMING; AMENDING SECTIONS 23-4-304,
9 23-5-324, 23-5-409, 23-5-502, 23-5-610, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."
10

11 STATEMENT OF INTENT

12 A STATEMENT OF INTENT IS REQUIRED FOR THIS BILL BECAUSE [SECTION 6] GRANTS THE
13 DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES AUTHORITY TO ADOPT RULES FOR THE
14 IMPLEMENTATION AND ADMINISTRATION OF [SECTIONS 3 THROUGH 6]. THE LEGISLATURE INTENDS
15 THAT THE DEPARTMENT ESTABLISH PROCEDURES FOR PROVIDING SERVICES TO PATHOLOGICAL
16 GAMBLERS IN AN EFFECTIVE AND EFFICIENT MANNER. THE LEGISLATURE ALSO INTENDS THAT THE
17 DEPARTMENT ESTABLISH PROCEDURES FOR CONTRACTING WITH COMMUNITY-BASED
18 ORGANIZATIONS OR WITH PRIVATE ORGANIZATIONS FOR THE DELIVERY OF SERVICES.
19

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
21

22 NEW SECTION. Section 1. Legislative policy. It is the policy of the state of Montana to indemnify
23 its citizens for the detrimental effects that result from PATHOLOGICAL gambling and for the social costs
24 caused by PATHOLOGICAL gambling. This policy of indemnification is achieved by establishing a
25 permanent gaming indemnity trust, by funding treatment programs from the proceeds of the taxes levied
26 on gambling, and by allocating spendable revenue:

27 (1) to protect and rehabilitate citizens from damages resulting from PATHOLOGICAL gambling;

28 (2) to support a variety of programs that address the detrimental effects of PATHOLOGICAL
29 gambling on the state and on the lives of Montana citizens; and

30 (3) to assess the state's resources for addressing the social consequences of PATHOLOGICAL

1 gambling.

2

3 NEW SECTION. Section 2. Gaming indemnity trust fund ACCOUNT. (1) There is a gaming
4 indemnity trust fund ACCOUNT IN THE STATE SPECIAL REVENUE FUND. ~~The principal of the trust is~~
5 ~~inviolate in the amount of \$50 \$20 million. The principal of the trust in excess of \$50 \$20 million and the~~
6 ~~interest on the trust must be used as provided in [section 3]. The board of investments shall invest the~~
7 ~~principal of the trust. The interest and earnings on investments that are not used as provided in [section~~
8 ~~3] must be deposited in the trust.~~

9 (2) THE GAMING INDEMNITY TRUST FUND ACCOUNT IS COMPOSED OF THE MONEY
10 ALLOCATED TO THE ACCOUNT AS PROVIDED IN 23-4-304, 23-5-324, 23-5-409, 23-5-502, 23-5-610,
11 AND 23-7-402.

12 (3) ALL INTEREST EARNED ON THE PRINCIPAL OF THE GAMING INDEMNITY TRUST FUND
13 ACCOUNT MUST BE ALLOCATED TO THE DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES FOR
14 THE PURPOSES DESCRIBED IN [SECTIONS 3 THROUGH 6].

15 (4) THE LEGISLATURE MAY APPROPRIATE FOR EACH YEAR OF THE BIENNIUM UP TO \$200,000
16 OF THE PRINCIPAL AMOUNT IN THE GAMING INDEMNITY TRUST FUND ACCOUNT, LESS THE AMOUNT
17 OF INTEREST ALLOCATED FROM THE ACCOUNT UNDER SUBSECTION (3), TO THE DEPARTMENT FOR
18 THE PURPOSES DESCRIBED IN [SECTIONS 3 THROUGH 6].

19 (5) THE PRINCIPAL OF THE GAMING INDEMNITY TRUST FUND ACCOUNT IN EXCESS OF \$20
20 MILLION MUST BE USED FOR THE PURPOSES DESCRIBED IN [SECTIONS 3 THROUGH 6].

21

22 NEW SECTION. Section 3. Gaming indemnity grants resource assessment. (1) The legislature
23 ~~shall appropriate funds from the excess principal and the income of the trust fund created in [section 2] for~~
24 ~~treatment of the problems associated with gambling. An entity providing treatment that addresses the~~
25 ~~detrimental effects of gambling on Montana citizens may submit an application for a grant to the~~
26 ~~department of justice CORRECTIONS AND HUMAN SERVICES on a form prescribed by the department.~~
27 ~~The department shall recommend grants for funding to the legislature.~~

28 ~~(2) The department may receive appropriations from the excess principal and the income of the~~
29 ~~trust fund created in [section 2] to assess the state's resources for addressing the social consequences of~~
30 ~~gambling. The department shall report the findings of the assessment to the legislature.~~

1 NEW SECTION. SECTION 3. DEFINITIONS. AS USED IN [SECTIONS 3 THROUGH 6], UNLESS
 2 THE CONTEXT REQUIRES OTHERWISE, THE FOLLOWING DEFINITIONS APPLY:

3 (1) "CERTIFIED PROBLEM GAMBLING COUNSELOR" MEANS A PERSON CERTIFIED AS A
 4 GAMBLING COUNSELOR BY THE NATIONAL COUNCIL ON PROBLEM GAMBLING.

5 (2) "GAMING ADVISORY COUNCIL" MEANS THE GAMING ADVISORY COUNCIL CREATED BY
 6 2-15-2021.

7 (3) "PATHOLOGICAL GAMBLING" MEANS AN IMPULSE CONTROL DISORDER THAT MEETS THE
 8 DIAGNOSTIC CRITERIA SET FORTH IN THE DIAGNOSTIC AND STATISTICAL MANUAL, VERSION 4, OF
 9 THE AMERICAN PSYCHIATRIC ASSOCIATION.

10 (4) "PROBLEM GAMBLING" MEANS THE PATTERNS OF GAMBLING-RELATED BEHAVIOR THAT
 11 COMPROMISE, DISRUPT, OR DAMAGE PERSONAL, FAMILY, AND VOCATIONAL PURSUITS. THE TERM
 12 INCLUDES PATHOLOGICAL GAMBLING AND EXCESSIVE GAMBLING.

13
 14 NEW SECTION. SECTION 4. DESIGN AND IMPLEMENTATION OF PATHOLOGICAL GAMBLING
 15 TREATMENT PROGRAM. (1) THE DEPARTMENT SHALL, IN CONSULTATION AND COORDINATION WITH
 16 THE GAMING ADVISORY COUNCIL, DESIGN AND DEVELOP A PATHOLOGICAL GAMBLING TREATMENT
 17 PROGRAM. IN DESIGNING AND DEVELOPING THE PROGRAM, THE DEPARTMENT SHALL:

18 (A) ASSESS THE STATE'S RESOURCES FOR ADDRESSING THE SOCIAL CONSEQUENCES OF
 19 PATHOLOGICAL OR PROBLEM GAMBLING;

20 (B) DEVELOP A STATEWIDE PLAN TO ADDRESS PATHOLOGICAL AND PROBLEM GAMBLING;
 21 AND

22 (C) DEVELOP PRIORITIES FOR FUNDING TREATMENT SERVICES AND DEVELOP CRITERIA FOR
 23 DISTRIBUTING PROGRAM FUNDS.

24 (2) THE DEPARTMENT SHALL IMPLEMENT AND ADMINISTER A PATHOLOGICAL GAMBLING
 25 TREATMENT PROGRAM. IN IMPLEMENTING AND ADMINISTERING THE PROGRAM, THE DEPARTMENT
 26 SHALL:

27 (A) MAKE SERVICES AVAILABLE AS PROVIDED FOR IN [SECTION 5];

28 (B) MONITOR THE EXPENDITURE OF PROGRAM FUNDS BY PUBLIC AGENCIES AND PRIVATE
 29 ORGANIZATIONS; AND

30 (C) EVALUATE THE EFFICACY OF TREATMENT SERVICES PROVIDED THROUGH THE PROGRAM.

1 NEW SECTION. SECTION 5. PATHOLOGICAL GAMBLING TREATMENT PROGRAM SERVICES.

2 (1) THE DEPARTMENT SHALL MAKE AVAILABLE TO PATHOLOGICAL GAMBLERS AND THEIR
 3 IMMEDIATE FAMILIES A RANGE OF TREATMENT SERVICES, INCLUDING OUTPATIENT SERVICES,
 4 INTENSIVE OUTPATIENT SERVICES, AFTERCARE SERVICES, AND, ON THE RECOMMENDATION OF AN
 5 INDEPENDENT CERTIFIED PROBLEM GAMBLING COUNSELOR, INPATIENT SERVICES TO THOSE PERSONS
 6 REQUIRING SPECIALIZED CARE.

7 (2) IN ADDITION TO THE SERVICES REQUIRED BY SUBSECTION (1), THE DEPARTMENT SHALL:

8 (A) PROVIDE PROBLEM GAMBLING PREVENTION AND EDUCATIONAL SERVICES TO THE
 9 GENERAL PUBLIC; AND

10 (B) PROVIDE A TOLL-FREE TELEPHONE SERVICE FOR CRISIS INTERVENTION AND REFERRAL OF
 11 PATHOLOGICAL GAMBLERS TO CERTIFIED PROBLEM GAMBLING COUNSELORS.

12 (3) THE DEPARTMENT SHALL CONTRACT WITH:

13 (A) CERTIFIED PROBLEM GAMBLING COUNSELORS TO PROVIDE THE SERVICES DESCRIBED IN
 14 SUBSECTION (1); AND

15 (B) PUBLIC OR COMMUNITY-BASED AGENCIES OR PRIVATE ORGANIZATIONS TO PROVIDE THE
 16 SERVICES DESCRIBED IN SUBSECTION (2).

17

18 NEW SECTION. SECTION 6. RULES. THE DEPARTMENT SHALL ADOPT RULES NECESSARY TO
 19 ADMINISTER THE PROVISIONS OF [SECTIONS 3 THROUGH 6].

20

21 Section 7. Section 23-4-304, MCA, is amended to read:

22 "**23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) The
 23 licensee shall pay to the department 1% of the gross receipts of each day's parimutuel betting at each race
 24 meet, ~~which sums shall.~~ The sum must be paid to the department within 5 days after receipt by the
 25 licensee. At the end of each race meet, the licensee shall prepare a report to the department showing the
 26 amount of the overpayments and underpayments. If the report shows the underpayments to be in excess
 27 of the overpayments, the balance ~~shall~~ must be paid to the department. Money paid to the department may
 28 be used for the expenses incurred in carrying out this chapter. The licensee shall, at the same time, pay
 29 to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

30 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of

1 each day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast
 2 race meet, whichever is higher. The money must be paid to the department within 5 days after receipt of
 3 the money by the licensee. At the end of each race meet, the licensed simulcast facility shall prepare a
 4 report to the department showing the amount of the overpayments and underpayments. If the report
 5 shows the underpayments to be in excess of the overpayments, the balance must be paid to the
 6 department. Money paid to the department must be deposited in an account in the state special revenue
 7 fund and must be used for the administration of this chapter. The licensed simulcast facility shall, at the
 8 same time, pay to the department all sums collected under 23-4-202(4)(d) on exotic wagering on races.

9 (2) At the end of the racing season, sums collected under 23-4-202(4)(d) must be distributed by
 10 the department, after first passing through the board's agency fund account, to the licensed owners of
 11 those Montana-bred horses or mules finishing in the money at the meet from which the sums derived. The
 12 owner's award must be calculated as follows:

13 (a) divide the total amount collected under 23-4-202(4)(d) by the total amount won by
 14 Montana-bred horses or mules;

15 (b) multiply the quotient derived under subsection (2)(a) by the total amount of money won by each
 16 owner's Montana-bred horses or mules.

17 (3) For purposes of the owner's award under subsection (2), "owner" means the individual,
 18 partnership, corporation, person, or other entity that owns the horse or mule at the time of entry.

19 (4) Licensees may not consider the sums available under 23-4-202(4)(d) when establishing purses.

20 (5) The department shall transfer ~~5%~~ 1% of the amount received under subsection (1) to the state
 21 treasurer for deposit in the gaming indemnity trust fund ACCOUNT established in [section 2]."

22
 23 **Section 8.** Section 23-5-324, MCA, is amended to read:

24 "**23-5-324. Card room contractor's license -- fee -- submission of contract.** (1) It is a
 25 misdemeanor for a person to enter into a contract with a licensed operator to operate one or more live card
 26 game tables on the operator's premises without obtaining a card room contractor's license from the
 27 department.

28 (2) The department shall charge an annual license fee of \$150 for issuing or renewing a card room
 29 contractor's license. The department shall transfer ~~5%~~ 1% of the fee to the state treasurer for deposit in
 30 the gaming indemnity trust fund ACCOUNT provided for in [section 2] and shall retain the remainder of the

1 fee for administrative purposes.

2 (3) The applicant shall submit at the time of application for a card room contractor's license a copy
3 of the agreement entered into with the licensed operator."
4

5 **Section 9.** Section 23-5-409, MCA, is amended to read:

6 **"23-5-409. Bingo and keno tax -- records -- distribution -- statement and payment.** (1) A licensee
7 who has received a permit to operate bingo or keno games shall pay to the department a tax of 1% of the
8 gross proceeds from the operation of each live bingo and keno game operated on ~~his~~ the licensee's
9 premises.

10 (2) A licensee shall keep a record of gross proceeds in the form that the department requires. At
11 all times during the business hours of the licensee, the records must be available for inspection by the
12 department.

13 (3) A licensee shall annually complete and deliver to the department a statement showing the total
14 gross proceeds for each live keno or bingo game operated by ~~him~~ the licensee and the total amount due
15 as live bingo or keno tax for the preceding year. This statement must contain any other relevant
16 information required by the department.

17 (4) The department shall forward ~~5%~~ 1% of the tax collected under subsection (3) to the state
18 treasurer for deposit in the gaming indemnity trust fund ACCOUNT provided for in [section 2] and shall
19 forward the remainder to the treasurer of the county or the clerk, finance officer, or treasurer of the city
20 or town in which the licensed game is located for deposit to the county or municipal treasury. A county
21 is not entitled to proceeds from taxes on live bingo or keno games located in incorporated cities and towns
22 within the county. The tax collected under subsection (3) is statutorily appropriated to the department, as
23 provided in 17-7-502, for deposit to the county or municipal treasury."
24

25 **Section 10.** Section 23-5-502, MCA, is amended to read:

26 **"23-5-502. Sports pools and sports tab games authorized -- tax.** (1) Conducting or participating
27 in sports pools and sports tab games as defined and governed in this part is lawful, except that:

28 (a) sports tab games may only be conducted on premises licensed to sell alcoholic beverages for
29 consumption on the premises; and

30 (b) only a licensee of premises that are located in an incorporated city or town with a population

1 of less than 100 or located outside the boundaries of an incorporated city or town and that are licensed
2 to sell alcoholic beverages for consumption on the premises may conduct a race between animals and
3 conduct one or more sports pools on the race. The race may be conducted only if it is between pigs,
4 gerbils, or hamsters and is conducted on the premises but outside of interior areas of the establishment
5 where food and beverages are usually stored, prepared, or served.

6 (2) A manufacturer licensed under 23-5-115 who sells sports tabs to a licensed operator for use
7 in a sports tab game shall collect from the operator, at the time of sale, a tax of \$1 for each 100 sports
8 tabs sold and, within 15 days after the end of each calendar quarter, submit to the department any forms
9 required by the department and the proceeds of the collected tax. The manufacturer shall keep a record
10 of taxes collected as required by department rule. The records must be made available for inspection by
11 the department upon request of the department. The department shall transfer 5% 1% of the tax to the
12 state treasurer for deposit in the gaming indemnity trust fund ACCOUNT provided for in [section 2] and
13 shall retain the remainder of the proceeds of the tax to administer this part."

14

15 **Section 11.** Section 23-5-610, MCA, is amended to read:

16 **"23-5-610. Video gambling machine gross income tax -- records -- distribution -- quarterly**
17 **statement and payment.** (1) A licensed operator issued a permit under this part shall pay to the
18 department a video gambling machine tax of 15% of the gross income from each video gambling machine
19 licensed under this part. A licensed operator may deduct from the gross income amounts equal to amounts
20 stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law
21 enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and
22 physical removal of the money from the machines or of machine tampering and the amounts stolen are
23 documented.

24 (2) A licensed operator issued a permit under this part shall keep a record of the gross income from
25 each machine in the form that the department may require. The records must at all times during the
26 business hours of the licensee be subject to inspection by the department.

27 (3) A licensed operator issued a permit under this part shall, within 15 days after the end of each
28 quarter, complete and deliver to the department a statement showing the total gross income from each
29 video gambling machine licensed to the operator, together with the total amount due the state as video
30 gambling machine gross income tax for the preceding quarter. The statement must contain other relevant

1 information ~~as that~~ the department may require.

2 (4) (a) The department shall ~~transfer 5% 1% of the tax collected under subsection (3) to the state~~
 3 ~~treasurer for deposit in the gaming indemnity trust fund ACCOUNT provided for in [section 2] and shall,~~
 4 in accordance with the provisions of 15-1-501(6), forward one-third of the remainder of the tax collected
 5 ~~under subsection (3)~~ to the general fund.

6 (b) The department shall, in accordance with the provisions of 15-1-501(6), forward the remaining
 7 ~~two-thirds of the~~ tax collected under subsection (3) to the treasurer of the county or the clerk, finance
 8 officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county
 9 or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling
 10 machines located in incorporated cities and towns. The ~~two-thirds~~ local government portion of tax
 11 collected under subsection (3) is statutorily appropriated ~~to the department,~~ as provided in 17-7-502, to
 12 the department for deposit to the county or municipal treasury."
 13

14 **Section 12.** Section 23-7-402, MCA, is amended to read:

15 **"23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or
 16 chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in
 17 17-7-502, to the lottery.

18 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating
 19 expense.

20 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
 21 expenses, together with the interest earned on the gross revenue while the gross revenue is in the
 22 enterprise fund, is net revenue. Except for the amount required to be paid under ~~subsection~~ subsections
 23 (5) and (6), net revenue must be paid quarterly from the enterprise fund established by 23-7-401 to the
 24 superintendent of public instruction for distribution as state equalization aid to the public schools of
 25 Montana, as provided in 20-9-343. The net revenue is statutorily appropriated, as provided in 17-7-502,
 26 to the superintendent of public instruction.

27 (4) The spending authority of the lottery may be increased in accordance with this section upon
 28 review and approval of a revised operation plan by the budget office.

29 (5) (a) An amount equal to 9.1% of the net revenue derived under subsection (3), but not to
 30 exceed \$1 million in any fiscal year, must be paid to the board of crime control.

1 (b) All money paid to the board of crime control under this subsection (5) must be used to fund
 2 state grants to counties for youth detention services and to cover the costs of administering the grant
 3 program as authorized in 41-5-1002. The grants are statutorily appropriated, as provided in 17-7-502, to
 4 the board of crime control. The costs of administering the grant program must be paid pursuant to a
 5 legislative appropriation.

6 (6) An amount equal to ~~5%~~ 1% of the net revenue derived under subsection (3) must be
 7 transferred to the state treasurer for deposit in the gaming indemnity trust fund ACCOUNT provided for in
 8 [section 2]."

9
 10 NEW SECTION. Section 13. Codification instruction INSTRUCTIONS. (1) ~~[Sections 1 through 3~~
 11 ~~AND 2]~~ are intended to be codified as an integral part of Title 23, and the provisions of Title 23 apply to
 12 ~~[sections 1 through 3 AND 2].~~

13 (2) [SECTION SECTIONS 3 THROUGH 6] IS ARE INTENDED TO BE CODIFIED AS AN INTEGRAL
 14 PART OF TITLE 53, CHAPTER 1, PART 2, AND THE PROVISIONS OF TITLE 53, CHAPTER 1, PART 2,
 15 APPLY TO [SECTION SECTIONS 3 THROUGH 6].

16
 17 NEW SECTION. Section 14. Effective date. [This act] is effective July 1, 1995.

18 -END-

SENATE BILL NO. 260

INTRODUCED BY PIPINICH, HARPER, HARP, LYNCH, DEVLIN, CHRISTIAENS, HALLIGAN, WILSON,
DOHERTY, WATERMAN, HERTEL, PAVLOVICH, VAN VALKENBURG, BECK, CRISMORE, RANEY,
STANG, JERGESON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PERCENTAGE OF GAMING REVENUE TO A
TRUST FUND; PROVIDING THAT THE INTEREST AND A PORTION OF THE PRINCIPAL OF THE TRUST
FUND BE USED TO TREAT PROBLEMS ASSOCIATED WITH GAMING; AMENDING SECTIONS 23-4-304,
23-5-324, 23-5-409, 23-5-502, 23-5-610, AND 23-7-402, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A STATEMENT OF INTENT IS REQUIRED FOR THIS BILL BECAUSE [SECTION 6] GRANTS THE
DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES AUTHORITY TO ADOPT RULES FOR THE
IMPLEMENTATION AND ADMINISTRATION OF [SECTIONS 3 THROUGH 6]. THE LEGISLATURE INTENDS
THAT THE DEPARTMENT ESTABLISH PROCEDURES FOR PROVIDING SERVICES TO PATHOLOGICAL
GAMBLERS IN AN EFFECTIVE AND EFFICIENT MANNER. THE LEGISLATURE ALSO INTENDS THAT THE
DEPARTMENT ESTABLISH PROCEDURES FOR CONTRACTING WITH COMMUNITY-BASED
ORGANIZATIONS OR WITH PRIVATE ORGANIZATIONS FOR THE DELIVERY OF SERVICES.

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

THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE REPRINTED. PLEASE REFER TO SECOND READING—2ND PRINTING FOR COMPLETE TEXT.