

HOUSE BILL NO. 582

INTRODUCED BY C. JUNEAU

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE PERMISSIBLE NUMBER OF VIDEO GAMBLING MACHINES ON A PREMISES FROM 20 TO 22; PROVIDING THAT THE TAX REVENUE FROM THE ADDITIONAL VIDEO GAMBLING MACHINES MUST BE DEPOSITED IN THE ALTERNATIVE EDUCATION SUPPORT ACCOUNT; PROVIDING THAT THE MONEY IN THE ACCOUNT MUST BE USED FOR ALTERNATIVE EDUCATION PROGRAMS IN SCHOOL DISTRICTS IN WHICH THE DROPOUT RATE EXCEEDS THE STATEWIDE AVERAGE DROPOUT RATE; AMENDING SECTIONS 23-5-610 AND 23-5-611, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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

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

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine during the 12-month period ending December 31, 2001;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine

1 to make it compatible with the automated system.

2 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
3 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to
4 the automated accounting and reporting system, whichever is less.

5 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the
6 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected
7 to the automated accounting and reporting system authorized by 23-5-637.

8 (4) A licensed machine owner shall keep a record of the gross income from each video gambling
9 machine issued a permit under this part in the form the department requires. The records must at all times during
10 the business hours of the licensee be subject to inspection by the department.

11 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
12 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after
13 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department
14 a statement showing the total gross income, together with the total amount due the state as video gambling
15 machine gross income tax for the preceding quarter. The statement must contain other relevant information that
16 the department requires.

17 (b) For each video gambling machine issued a permit under this part that is connected to the
18 department's automated accounting and reporting system, the department shall, within 5 working days after the
19 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed
20 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement
21 showing the total gross income from the video gambling machine, together with the total amount due the state
22 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit
23 the total amount due the state under this subsection within 25 days after the end of each quarter.

24 (6) Except as provided in ~~subsection~~ subsections (7) and (8), the department shall, in accordance with
25 the provisions of 15-1-501, forward the tax collected under subsection (5) to the general fund.

26 (7) Receipts from the taxes collected under this section are pledged and dedicated to guarantee
27 repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation
28 for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar
29 amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term
30 investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this

1 section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available
2 means of collection on the loan have been exhausted.

3 (8) The department shall, in accordance with the provisions of 15-1-501, forward the tax collected under
4 subsection (5) from all video gambling machines in excess of 20 on a premises to the alternative education
5 support account provided for in [section 3]. (Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)

6 **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit --**
7 **records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the
8 department a video gambling machine tax of 15% of the gross income from each video gambling machine
9 issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal
10 to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a
11 law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and
12 physical removal of the money from the machines or of machine tampering and the amounts stolen are
13 documented.

14 (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which
15 a permit has been issued under this part if:

16 (i) the permit was active for the video gambling machine during the 12-month period ending December
17 31, 2001;

18 (ii) the department determines that the video gambling machine is incapable, in the form in which it was
19 approved by the department, of communicating with the automated accounting and reporting system authorized
20 by 23-5-637; and

21 (iii) the licensed machine owner participates in the automated accounting and reporting system and
22 incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine
23 to make it compatible with the automated system.

24 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
25 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to
26 the automated accounting and reporting system, whichever is less.

27 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the
28 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected
29 to the automated accounting and reporting system authorized by 23-5-637.

30 (4) A licensed machine owner shall keep a record of the gross income from each video gambling

1 machine issued a permit under this part in the form the department requires. The records must at all times during
2 the business hours of the licensee be subject to inspection by the department.

3 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
4 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after
5 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department
6 a statement showing the total gross income, together with the total amount due the state as video gambling
7 machine gross income tax for the preceding quarter. The statement must contain other relevant information that
8 the department requires.

9 (b) For each video gambling machine issued a permit under this part that is connected to the
10 department's automated accounting and reporting system, the department shall, within 5 working days after the
11 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed
12 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement
13 showing the total gross income from the video gambling machine, together with the total amount due the state
14 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit
15 the total amount due the state under this subsection within 25 days after the end of each quarter.

16 (6) ~~The~~ Except as provided in subsection (7), the department shall, in accordance with the provisions
17 of 15-1-501, forward the tax collected under subsection (5) to the general fund.

18 (7) The department shall, in accordance with the provisions of 15-1-501, forward the tax collected under
19 subsection (5) from all video gambling machines in excess of 20 on a premises to the alternative education
20 support account provided for in [section 3]."

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

23 **"23-5-611. Machine permit qualifications -- limitations.** (1) (a) A person who has been granted an
24 operator's license under 23-5-177 and who holds an appropriate license to sell alcoholic beverages for
25 consumption on the premises, as provided in 23-5-119, may be granted a permit for the placement of video
26 gambling machines on the person's premises.

27 (b) If video keno or bingo gambling machines were legally operated on a premises on January 15, 1989,
28 and the premises were not on that date licensed to sell alcoholic beverages for consumption on the premises
29 or operated for the principal purpose of gaming and there is an operator's license for the premises under
30 23-5-177, a permit for the same number of video keno or bingo gambling machines as were operated on the

1 premises on that date may be granted to the person who held the permit for ~~such~~ those machines on those
2 premises on that date.

3 (c) A person who legally operated an establishment on January 15, 1989, for the principal purpose of
4 gaming and has been granted an operator's license under 23-5-177 may be granted a permit for the placement
5 of bingo and keno machines on the person's premises.

6 (2) An applicant for a permit shall disclose on the application form to the department any information
7 required by the department consistent with the provisions of 23-5-176.

8 (3) A licensee may not have on the premises or make available for play on the premises more than 20
9 22 machines of any combination."
10

11 NEW SECTION. **Section 3. Alternative education support account.** There is an alternative
12 education support account in the state special revenue fund. Money is deposited in the account pursuant to
13 23-5-610. The money in the account may be used only for alternative education programs in school districts that
14 have a dropout rate that is in excess of the statewide average dropout rate. The superintendent of public
15 instruction shall allocate the money appropriated from the account to eligible school districts based on the
16 proportion of each eligible district's ANB to the total ANB of all eligible districts.
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18 NEW SECTION. **Section 4. Notification to tribal governments.** The secretary of state shall send a
19 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
20 band of Chippewa.
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22 NEW SECTION. **Section 5. Codification instruction.** [Section 3] is intended to be codified as an
23 integral part of Title 20, chapter 9, part 5, and the provisions of Title 20, chapter 9, part 5, apply to [section 3].
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25 NEW SECTION. **Section 6. Effective date.** [This act] is effective July 1, 2003.
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