

SENATE BILL NO. 289

INTRODUCED BY J. ELLINGSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT DECREASING THE VIDEO GAMBLING MACHINE TAX ON
5 MACHINES ON A LICENSED PREMISES HAVING FIVE OR FEWER MACHINES AND INCREASING THE TAX
6 ON MACHINES ON A LICENSED PREMISES HAVING SIX OR MORE MACHINES; AMENDING SECTION
7 23-5-610, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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11 **Section 1.** Section 23-5-610, MCA, is amended to read:

12 **"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records --**
13 **distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department
14 a video gambling machine tax of ~~45%~~ 10% of the gross income from each video gambling machine issued a
15 permit under this part that is on a licensed premises having five or fewer machines and 30% of the gross income
16 from each video gambling machine issued a permit under this part that is on a licensed premises having six or
17 more machines. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen
18 from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement
19 agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of
20 the money from the machines or of machine tampering and the amounts stolen are documented.

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

23 (i) the permit was active for the video gambling machine during the 12-month period ending December
24 31, 2001;

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

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

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

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

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

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

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

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

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

1 means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L.
2 1999.)

3 **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit --**
4 **records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the
5 department a video gambling machine tax of ~~45%~~ 10% of the gross income from each video gambling machine
6 issued a permit under this part that is on a licensed premises having five or fewer machines and 30% of the
7 gross income from each video gambling machine issued a permit under this part that is on a licensed premises
8 having six or more machines. A licensed machine owner may deduct from the gross income amounts equal to
9 amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law
10 enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical
11 removal of the money from the machines or of machine tampering and the amounts stolen are documented.

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

14 (i) the permit was active for the video gambling machine during the 12-month period ending December
15 31, 2001;

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

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

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

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

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

